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SOCIAL PHILOSOPHIES  
IN CONFLICT



By JOSEPH A. LEIGHTON

INDIVIDUALITY AND EDU-  
CATION

MAN AND THE COSMOS

THE FIELD OF PHILOSOPHY

RELIGION AND THE MIND  
OF TODAY

THE INDIVIDUAL AND THE  
SOCIAL ORDER

SOCIAL PHILOSOPHIES IN  
CONFLICT

# SOCIAL PHILOSOPHIES IN CONFLICT

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FASCISM & NAZISM, COMMUNISM,  
LIBERAL DEMOCRACY

By

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"The Individual and the Social Order," "Man and the  
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## PREFACE

**A**LTHOUGH this book has been written within the last eight years, the principles of ethical-social philosophy on which it is based express the conclusions of a lifetime of observation and reflection.

I was incited to bring the work to full expression and publication by the World War, the depression, and the rise of the European dictatorships. I have limited the discussion to what I regard as the central burning questions in Western civilization, which comes to mean, more and more, in *all* civilizations.

The crux of Western civilization is this: How, in the face of an increasing concentration of economic control, can economic justice for the common man be secured without the sacrifice of civil and spiritual liberties? Although they differ in their detailed methods, Fascism, Nazism, and Soviet Communism are all iron dictatorships. They all aim to bring to pass for their respective peoples a larger measure of economic security and cultural well-being by dictatorial regimentation (I am not sure, but I have a feeling, that there is at least as much freedom in Russia as in Germany). Strongly prejudiced as I am in favor of preserving civil and spiritual liberties, I look upon the efforts of such lands as the Scandinavian countries, Czechoslovakia, France, and the British commonwealths to realize a more democratic social justice, without sacrificing civil and spiritual liberties, as pointing the way for us. I am quite certain of one thing—that the day of economic individualism or *laissez-faire* is ended. The burning question is as to the ways and means of public control of the economic life. There are only three ways open: (1) the totalitarian or Fascist and Nazi way; (2) the Russian way of Communism; (3) the experimental extension of public control by free democratic methods—the way of Scandinavia, Great Britain, France, and, in part, of the New Deal.

I am an unrepentant liberal. I believe that Liberal Democracy will not only survive but win out in the end; that, after its

partial eclipse on the continent of Europe, it will shine once more and bring daylight. *It must survive*, unless humane civilization is to be extinguished. What is a liberal? One who believes that open opportunity to examine and discuss all sides of every question, freedom to publish one's opinions and arguments, freedom of assembly and organization, constitute the very life-breath of a genuinely humane and progressive civilization. This is the primary prejudice with which this book is written. I did not learn it from philosophers. I inherited it from my Scotch-Irish forebears. It was basic in the social life of the pioneer community, mainly Scotch-Irish, in which I was reared. They were rugged pioneers, but not "rugged individualists." Nay, rather, they were essentially good neighbors. They stood by one another on every critical occasion, from logging and barn-raising "bees" to mortal illness. They took seriously both education and religion. They taxed themselves heavily and worked hard, that their children might have the best possible education. They were religious in a reasonable way.

We in America need to recapture their basic virtues and apply them in the spirit, not in the letter, in a social order which has been industrially and financially revolutionized within my own lifetime. This is our paramount problem. We must attack it from the vantage-ground of our own past and present.

This book is based on personal observation, as well as on extensive reading. During six months of travel in 1931, I observed conditions in Greece, Italy, France, and Great Britain. During six months in 1936, I observed conditions in Spain, France, Italy, Germany, Austria, Russia, Scandinavia, and Great Britain. When I came back to the free nations, after swinging around the circuit of the dictatorships, I at once felt at home even though I did not know the languages. My tour only confirmed me more strongly in my ancestral prejudice in favor of civil and political liberties, as the *sine qua non* of a high civilization.

One would like to say to fanatical Fascists and Communists alike: "A plague on both your blouses." Unfortunately one cannot dismiss them with this airy persiflage. It is the part of wisdom for lovers of liberal democracy to recognize that it

now has its back to the wall and lately has been fighting a losing battle. Fascism has become a successfully aggressive international power of the first rank. Mussolini and Hitler have thus far won all their major objectives. Japan seems to be winning hers. France has been dependent on the attitude of Great Britain, which, viewed as a democracy, has played a compromising rôle, first in the Ethiopian question and more recently in the Spanish rebellion. In the former instance France played the part of double-dealer. Let it not be forgotten that the Loyalist Government of Spain was the duly constituted government, and therefore should, under international law, have had the right freely and aboveboard to import munitions. This right was denied it. France could not single-handed defy the interventionists *de facto* with whom, I believe, Franco had made an arrangement—Italy and Germany; Great Britain would not support France. This attitude, together with the resultant failure of the Non-Intervention Committee, means, of course, that the Government of Great Britain not only was not ready for open war, but, besides, did not want a Leftist victory in Spain. Fascism has strong support in Great Britain and in France.

As to the part played by the Commintern in the Spanish Popular Front, while I have read much dogmatic assertion, I have little reliable and first-hand information. During a twelve days' stay in Granada in April, 1936, I was told by several persons of high standing that the Rightists, by highhanded use of the military power in that city, had stolen the February election; one of these informants also told me that he had seen Rightists fire from the window of an aristocratic café into a crowd which was demonstrating in the square below against this steal. My informants, both Spanish and English-speaking, denied that the republicans and moderate socialists in the cabinet of Azaña were inspired from Moscow. Naturally it would be unwise to divulge the names of my informants. I hope they are alive.

Whatever be the full explanation thereof, several things are clear as day. Mussolini has thus far, with impunity, jeered at liberal democracy (he and Hitler have their own special brand of "democracy"), flouted the League of Nations, and defied and

bluffed Great Britain. The British Empire has been in retreat (it is said that a course is given in the Fascist University at Rome on "The Disintegration of the British Empire"). Hitler has torn up the Treaty of Versailles and is ready to tear up that of Saint Germain. He echoes Mussolini's jeers at democracy. Recently the two Fascist dictators met in a grand show in Berlin and, it is said, jubilantly proclaimed afresh the demise of liberal democracy and the triumph of Fascism as the defender of European culture. As I write this, Great Britain shows signs of a stiffer backbone.

The present international situation really means that clear across Europe and Asia there is a bitter but confused conflict between the "haves" and the "have nots." The conflict is growing sharper in America. Various smoke screens and camouflages are thrown up to obscure and hide the real issue—such as National Honor, National Prestige, the Glory of the State and the National Soul, the Preservation and Defense of Culture (*Kultur*) against Barbarism. But the really vital questions are: How can social justice be secured, social order maintained, and social progress insured, without the complete deglutition of individual personality and liberty, by that great monster the Bon-Constrictor State operating under the charm of dictators? Does the scale and complexity of our machine-run civilization mean that what we have hitherto meant by personal and spiritual liberties are to be lost, and that we must either perish or dance as marionettes in puppet shows whose strings are pulled by a few self-declared Supermen?

Fascism has a great advantage for quick and vigorous action in critical junctures. It can present the appearance of a united front by its combination of forceable suppression of all differences of opinion and thoroughgoing indoctrination of Fascist mentality in a population fed only on nationalistic Fascist propaganda. Moreover, the very increase in concentration of control in industry and business favors the growth of a Fascist mentality. When thousands and millions are, day by day, dependent on the autocratic decisions of a few for their very means of subsistence, the step is easy to pooling the autocracies of industry and business in one supreme dictatorship. This growing dependence of

the increasing many on the few for their daily bread is the way that mechanized industrialism has been going these many years.

Liberal democracy is hampered in making swift decisions and presenting a united front, since its very essence consists in the formations of decisions after free discussion. How much genuine opportunity and incentive to open discussion is afforded in our mass-machine civilization to-day?

Nevertheless, I both hope and believe that, while in sudden and critical instances dictatorships may win the advantage, in the long run democracy will win out, because it rests on the united strength of free individuals. If I did not so believe, I should not have taken the trouble to publish this book. It is a survey of the actual philosophies in conflict. In writing it I have tried to weigh all sides, but I have not written with Olympian detachment. There are two prejudices that I have not been able to shake off. Indeed, I do not want to shake them off. For I hold that one without prejudices must be either an idiot or a callous and inhuman monster. These are: (1) the aforesaid prejudice for the jealous safeguarding of personal and civil liberties—above all, for the freedom of reason to express itself, and (2) for the opportunity for the fulfilment of personality through a more effective realization of social justice.

I am especially indebted to the following persons for information and literature: the Duke di Melito and Signor M. Marcucci of Rome; Professor Wolfgang Schultz of the University of Munich; Mr. Herman R. Habicht and VOKS (Society for Foreign Cultural Relations) of Moscow; Mr. Lundeen of the Swedish Coöperative Society and Mr. Deinert of the Finnish Coöperative Society SOK; Mr. George Messersmith, formerly American Ambassador to Austria and now assistant Secretary of State, and Mr. Claude G. Bowers, American Ambassador to Spain. I am indebted to Dr. Bruce Waters for the preparation of the Index, and to Dr. A. E. Avey and my son, R. F. Leighton, for assistance in proof-reading.

J. A. L.





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# CONTENTS

	PAGE
PREFACE . . . . .	v
INTRODUCTION: The Field of Social Philosophy . . . . .	xvii

## PART I

### DICTATORSHIPS: FASCISM, NAZISM, COMMUNISM

#### CHAPTER

I.	POST-WAR NATIONALISM . . . . .	3
II.	FASCIST ITALY . . . . .	10
	1. The Rise of Fascism . . . . .	10
	2. The Theory of the Totalitarian State . . . . .	12
	3. The Structure of the Corporative State . . . . .	21
	4. Control of Capital and Labor . . . . .	24
	5. Fascism's Achievements . . . . .	26
III.	GERMAN NATIONAL SOCIALISM . . . . .	29
	1. Nazi Germany—Its Antecedents . . . . .	29
	2. The Rise of the Nazis . . . . .	31
	3. The Purge of June 30, 1934 . . . . .	33
	4. The Leader—Adolf Hitler . . . . .	34
	5. Philosophy and Organization of the Nazi State . . . . .	37
	6. Capital and Labor . . . . .	40
	7. Education and Culture . . . . .	41
	8. Religion and Art . . . . .	43
	9. Causes of Nazi Success . . . . .	44
	10. An Appraisal of Nazism . . . . .	45
	11. A Critique of Totalitarian or Corporative Philosophy . . . . .	49
	12. Is Fascism Imminent in the United States of America? . . . . .	54
IV.	SOCIALISM, A HISTORICAL SKETCH . . . . .	56
	1. Introduction . . . . .	56
	2. Socialism and Communism . . . . .	57
	3. A Brief Sketch of Socialist History . . . . .	58
	4. Socialist and Communist Parties . . . . .	64
V.	THE SOCIAL PHILOSOPHY OF KARL MARX . . . . .	69
VI.	RUSSIAN COMMUNISM . . . . .	92
	1. General Features . . . . .	92
	2. The New Constitution . . . . .	96
	3. Motivation under Communism . . . . .	101
	4. Dogmatic Ideology . . . . .	105

CHAPTER	PAGE
VII. SOVIET RUSSIA TO-DAY . . . . .	107
VIII. COMMUNISM AND DEMOCRACY . . . . .	126
1. Communism and Individuality . . . . .	132
2. Might the United States Go Communist? . . . .	134
3. The Rôle of the Middle Class . . . . .	138
4. Communism <i>versus</i> Liberal Democracy—Conclusion .	139

## PART II

OUR OWN SITUATION: DEMOCRACY, LAISSEZ-FAIRE,  
AND THE MACHINE

IX. DEMOCRACY AND THE MACHINE . . . . .	143
1. Introductory . . . . .	143
2. The Industrial Revolution and Its Social Consequences	144
3. The Economic Revolution—from an Economy of Scar-	145
city to an Economy of Abundance . . . . .	
4. The General Social Consequences of Mass Production	146
X. INCOMES AND SAVINGS IN THE UNITED STATES . . . .	155
1. Decline in Wages and Salaries . . . . .	156
2. The Farmer's Plight . . . . .	158
3. Mortgages . . . . .	159
4. Savings . . . . .	161
XI. THE DECLINE OF THE MIDDLE CLASS . . . . .	168
XII. PRODUCTIVE EFFICIENCY . . . . .	179
Prices and Production . . . . .	183
XIII. FINANCIAL WIZARDRY . . . . .	191
1. The Empire Builders . . . . .	191
2. Methods of Holding-Company Controls . . . . .	194
3. Inflation of Property Values . . . . .	195
4. More Specimens of Financial Legerdemain . . . .	198
XIV. THE BANKRUPTCY OF ECONOMIC INDIVIDUALISM . . .	204
1. The Terms Individualism, Capitalism, and Socialism .	204
2. The "New Era" and What Happened to It . . . .	210
XV. BUSINESS AND GOVERNMENT . . . . .	216
1. Government Aids to Business . . . . .	216
2. Profits, Politics, and the Law . . . . .	218
3. Profits and Crime . . . . .	224

## PART III

## PRINCIPLES OF DEMOCRATIC SOCIAL PHILOSOPHY

XVI. MAN'S THREEFOLD NATURE . . . . .	231
---------------------------------------	-----

# CONTENTS

xv

CHAPTER	PAGE
XVII. THE INDIVIDUAL AND THE GROUP SPIRIT . . . . .	241
1. Society Made Up of Groups . . . . .	241
2. The Meaning of Social Culture . . . . .	243
3. The Group Spirit or Ethos . . . . .	245
4. Ideologies . . . . .	255
XVIII. THE SOURCES OF MORAL JUDGMENT . . . . .	258
XIX. THE GOOD LIFE, THE ORDER OF VALUES . . . . .	268
1. Desire and Value . . . . .	268
2. The System of Human Values . . . . .	272
3. The Order of Values . . . . .	281
4. Values and Duty . . . . .	287
5. Metaphysics of Values . . . . .	291
XX. SOCIAL MORALITY . . . . .	292
Feeling and Reason . . . . .	302
XXI. DEMOCRATIC PERSONALISM . . . . .	304
1. Mass Production and Individuality . . . . .	307
2. Mass Production and Personality . . . . .	309
XXII. LIFE, LIBERTY, AND THE PURSUIT OF HAPPINESS . . . . .	317
1. Rights and Obligations . . . . .	317
2. Liberties and Opportunities . . . . .	319
3. Liberty and Libertics . . . . .	325
XXIII. THE ETHICS OF PROPERTY AND INCOME . . . . .	329
1. The Ethics of Property . . . . .	329
2. The Case against Equality . . . . .	335
3. Human Values and the Economic System—the Mechan- ical Millennium . . . . .	339
4. Quantity and Quality in Culture . . . . .	341
5. What Is Social Progress? . . . . .	342
XXIV. LAW AND SOCIAL ETHICS . . . . .	347
XXV. THE DEMOCRATIC PHILOSOPHY OF THE STATE . . . . .	358
XXVI. SOCIAL MOTIVATIONS . . . . .	355
1. The Domination of the Profit Motive . . . . .	365
2. Economic Motivations . . . . .	367
3. Production for Individual Profits—Its Merits . . . . .	372
4. An Indictment of the Profit System . . . . .	373
5. Social Motivations . . . . .	376
6. The Problem of Reward . . . . .	381
7. Summary . . . . .	384

## PART IV

### COÖPERATIVE DEMOCRACY

XXVII. TOWARDS THE COÖPERATIVE COMMONWEALTH, I . . . . .	391
1. The Choices before Us . . . . .	391

CHAPTER	PAGE
2. General Principles . . . . .	394
3. Methods of Control . . . . .	396
4. Different Types of Control of Production and Distribution . . . . .	400
5. National Planning for Production . . . . .	404
6. Public Works and Other Public Concerns . . . . .	406
7. Education . . . . .	406
8. Low-Cost Housing . . . . .	407
XXVIII. TOWARDS THE COÖPERATIVE COMMONWEALTH, II . . . . .	409
1. Public Control of Investment . . . . .	409
2. Coöperative Societies . . . . .	413
3. State Regulation of Public Utilities . . . . .	416
4. Public Ownership . . . . .	417
5. Summary of Coöperative Democracy . . . . .	420
XXIX. POLITICAL RECONSTRUCTION . . . . .	423
1. Our Hobbled Democracy . . . . .	423
2. The States and the Nation . . . . .	428
3. Social Reconstruction and the "Spoils System" . . . . .	432

## PART V

## INTERNATIONAL RELATIONS

XXX. NATIONALISM AND INTERNATIONALISM . . . . .	437
1. Modern Nationalism . . . . .	437
2. The Causes of War . . . . .	440
3. The Costs of War . . . . .	443
4. Economic Nationalism and War . . . . .	447
5. The International Outlook . . . . .	453
6. What of the Future? . . . . .	455
7. Chauvinistic Nationalism and War . . . . .	457
8. Some Suggestions . . . . .	459
XXXI. DICTATORSHIPS AND DEMOCRACIES . . . . .	460
1. Methods of Dictators . . . . .	463
2. Why Dictators? . . . . .	465
3. Democracy, Dictatorships, and Civilization . . . . .	472
4. A Policy for the Democracies . . . . .	478
FINALE: TOWARDS A DEMOCRATIC ETHOS . . . . .	486

## APPENDICES

I. The Rôle of Imagination . . . . .	499
II. Values and Existence . . . . .	503
III. The Metaphysics of the Individual and Society . . . . .	507
IV. Social Credit . . . . .	516
SELECTED BIBLIOGRAPHY . . . . .	521
INDEX . . . . .	537

## INTRODUCTION

### THE FIELD OF SOCIAL PHILOSOPHY

**S**Ocial PHILOSOPHY is the doctrine of the ends or *values* and aims of social organization. In the latter are included all the forms of social organization, from the family, the private association, and the civic community or municipality to the nation and international organizations. Obviously this includes economic institutions and activities, legal and political institutions and activities, educational and cultural institutions and activities. The standpoint of philosophy, from which these institutions are appraised, is that of human values and goods. Philosophy asks these questions in regard to social institutions and activities: (1) *How far do they further the realization, by the members of society, of the good life? How efficiently do they promote human values?* (2) In so far as the critical examination of institutions indicates their failures, the philosopher must inquire: *How may these institutions be amended or reconstructed, so as better to further the realization of human values?* The second set of questions leads into *applied* social philosophy.

It is obvious that the primary prerequisite in an inquiry of this scope is *the definition of the good life*, in other words, a comprehensive and systematic *theory of human values*, and of the general implementation for their realization under the present conditions of science and industry. Now, *a theory of human values is precisely a theory of morals*, an ethics. It is my understanding of the scope of ethics, or the theory of moral values or goods, that it is *the comprehensive theory of human values*. No values or goods for human beings are to be excluded from its purview. *Ethics* or moral theory is not a special department of the theory of human values. Ethics is the inclusive and basic philosophy of human life as the carrier of values. There is only one other part of philosophy of equal scope—that is metaphysics or cosmology, the theory of the nature of the universe in relation to man. These



two—ethics and metaphysics—are the chief divisions of systematic philosophy. We are not concerned here with metaphysics, not even in detail with the meeting-points of ethics and metaphysics. They do meet in the theory of personality: the question of freedom and the question of the place of human values or personality in the universe. But our aim in this work is practical and we shall confine ourselves to ethics.

It may be objected that ethics has to do with the individual person, as a source and carrier of moral values; and, therefore, we must not confuse ethics with social philosophy. My answer is that the individual, as a source and bearer of moral values, is always a member of an actual society. The individual apart from the social environment is just as unreal an abstraction as society apart from the individuals who comprise it. "The mere individual is a delusion of theory; and the attempt to realize it in practice is the starvation and mutilation of human nature, with total sterility or the production of monstrosities" (F. H. Bradley). Nothing can be more misleading and harmful in consequence, than to assume that the individual can be a moral agent apart from society. That is precisely the kind of immorality that has been fostered by assuming that religion teaches man his duties only to an other-worldly God and that, when he has duly worshiped this God on Sunday, he may go out into the world and cheat and oppress his fellow-men for the next six days. This is precisely the kind of separation of morals from social life and its identification with other-worldly, non-social worship of a God who has no interest in human justice, kindness, and mercy that the great prophets of Israel thundered against.<sup>1</sup> This is precisely the sort of immoral, non-human, and unsocial religion that is in the mind of those who to-day counsel the preachers to stick to religion; and to leave economics, politics, and sociology alone. They also want professors of sociology, political science, economics, and philosophy to leave the social applications of their researches alone. They want the social sciences taught in a high-apriori vacuum. What they really mean is that the preachers must not criticize or disturb them in gaining and holding wealth or power by any means that they can get away with.

<sup>1</sup> See *Amos, Hosea, Isaiah, Micah*.

The doctrine of ethical values supplies the guiding principles of social philosophy. It is impossible to separate them. Without being applied in a social philosophy, ethical theory is but a set of pious abstractions hanging in the air. Without a guiding theory of human values there can be no intelligent or useful social philosophy.

In this work I begin with a survey and criticism of the chief forms of dictatorship now in operation in Europe on a large scale, because I think they constitute serious challenges to political democracy. Political democracy has for its premises equal civil and political rights; to be exercised through freedom of speech, assembly and publication. No form of government is entitled to use the name democracy which prohibits the existence of any other party than the party at the helm. Neither Fascist countries nor Soviet Russia are political democracies.

But, unless political democracy can be made more effective in the establishment of economic democracy, that is, of a fair measure of equalization of opportunity for the common people to secure decent means of livelihood, it will go to the wall and we shall get some sort of dictatorship.

Therefore, lest we forget, in Part II I have given a survey of the career and decline of economic individualism in the United States. I hold that the laissez-faire economy is expiring from suicide. We must have some sort of effective public control, either with or without dictatorship.

In Part III, I have outlined the principles of a Democratic Social Philosophy as I understand them.

In Part IV, I have given, in brief outline, what I regard as the general lines of experimental procedure necessary to secure economic democracy, without giving up political democracy. If we are to proceed experimentally, and not with fanatical dogmatism, no set of complete blue-prints for a free social democracy can yet be made. Besides, I am not an expert in such matters.

I am very suspicious of Utopias. They are interesting and stimulating escapist adventures, if they are kept in their places. But they are very dangerous, if taken too seriously by a considerable number of people. Humanity in the mass is too short-sighted and inert, too prone to be moved by emotions and

catchwords, too selfish, ever to come very near to realizing the ideally just commonwealth. It would take a tremendous lot of educational regeneration to bring it near. Nevertheless the case is not hopeless. We can do something—perhaps a good deal. At any rate the adventure is worth trying. We might be worse off, and we assuredly could be better if we would take counsel together. I think in the meantime we would be very foolish to abandon our democratic procedure.

I have limited myself to the more central questions of ethics and social philosophy. This is neither a primer of ethics nor a Sunday-school book. I have not gone into elementary discussions of such things as temperance and self-control, truth-telling, honesty, diligence, and the morals of sexual life. These are all important matters. I would be the last to condemn the importance of character-training in youth. But this book does not aim to be a complete treatise on practical ethics. The practical or applied part of it deals with the larger issues of social reconstruction from the ethical standpoint of the writer.

The question may be raised, What is the relation of social philosophy to economics, political science, and sociology? My answer is briefly this. In so far as economics is confined to the factual description and analysis and interpretation of economic data it has nothing to do directly with ethics and social philosophy, but it supplies valuable material for social philosophy. The economist, *as economist*, is ethically neutral. When the economist *passes judgment*; when he says this *ought* or *ought not to be so*, he has become a social philosopher, an ethicist. In so far as political science is confined to the description, analysis, and interpretation of the data of actual political constitutions present and past, the political scientist has nothing to do with ethics. He is ethically neutral. But the moment he undertakes to pass *judgments of value* on political constitutions, to compare them with reference to whether they further the good life, he has become a social philosopher, an ethicist. He is no longer ethically neutral. He judges constitutions and institutions by some standard of values—that is, *ethically*. The sociologist, in so far as he confines himself to the descriptive analysis and interpretation, in general terms, of the actual biological and psychological phenomena of

human societies of all sorts, has nothing to do with ethics. But the moment he begins to evaluate social institutions and processes in terms of the manner and degree in which they promote human values, assist or hinder men in the realization of a good life, he has become a social philosopher, an ethicist.

The ethical philosopher is not, and cannot be, neutral in regard to values. Everything good and bad, noble and base, kind and cruel, sane and insane, is not equally grist to his mill. He begins with a faith in, or a prejudice toward, the possibility and imperativeness of trying to achieve a richer life of human values for men in general. He believes that, if human beings will take thought seriously and resolve firmly, they can realize a better life here on earth.

If "pure" science means a cold indifference, a haughty neutrality, in the face of the *ethical or human issues of social life*, no philosopher worthy of the name is a pure scientist. But I would remind the pure scientist that it is because others have labored, have borne the burden and heat of the day, have suffered and even died for a greater justice and humanity and enlightenment among men, that he is able to pursue his "pure" science unhindered and supported.

I confess that to me one of the most despicable, because utterly ungrateful, types of so-called "cultured" man is the one who, whether having inherited or making a good living from his fellows, thinks it the mark of superiority in intelligence to assume an air of indifference to the burning questions of social reconstruction—to live in an ivory tower of "pure science" or "pure art." We all have to escape for breathing spells from the confusion, hubbub, and turmoil of the social life, which mounts apace. Pure art and pure science, like religious mysticism, are gateways of escape when we can no longer stand the clamor and the fighting. But we must come back and do our bit when we have gained refreshment, if we are not to be parasites on the body social. As Plato put it, the contemplative thinker is like one who takes refuge from a driving storm of dust and rain behind a wall or one who has escaped from the cave where men take for realities the distorted images of the real things. But as a man it is his duty to step out from the shelter of the wall to

help his fellows that are in danger of being overwhelmed by the storm, or to return to the cave so that he may bring to his deluded fellows some better image of the true reality, the true values of life.

## **PART I**

**Dictatorships: Fascism, Nazism, Communism**



## CHAPTER I

### POST-WAR NATIONALISM

**T**HE MOST CHARACTERISTIC and powerful form of modern social organization is the territorial nation-state. The nation-state means the union of cultural and political nationality. Cultural nationality means the community of speech, traditions, memories, customs, social values, and purposes, and, in part, religion. Cultural community may exist without political unity and independence. There are all sorts of degrees of cultural community. With the principal exception of India, the British Dominions are, on the whole, a cultural community. I say "on the whole," since there are differences between the culture of Great Britain, Canada, and Australia. The United States is quite distinct, culturally as well as politically, and yet, by reason of community of speech and tradition, its culture is more akin to the British culture than to any other. And a Canadian finds little difficulty in being at home in the United States, or an American in Canada. The fact of a common speech makes Austria and the German Empire culturally similar. On the other hand, Switzerland has a diversity of speech with community of culture; and Quebec, with its own speech and customs, is a part of Canada. There is a vague general community of Slavic culture. Nevertheless, the various elements in Jugoslavia, and even in Czechoslovakia, do not constitute a harmonious whole. The Poles are Slavs and yet quite independent.

The general effect of the World War was to intensify nationalism. The peace attempted to give, as far as possible, national autonomy to distinctive ethnic and cultural groups. Owing to the manifold ways in which such distinct ethnic groups overflow and intermingle in the same territory, this problem is not completely soluble. The problems of ethnic minorities in Central Europe, the Balkans, Italy, Asia Minor, and so on, are very difficult to handle. For example, at the present time there is unrest in Mace-



donia, which is a part of Greece, and among the Greeks in the islands of Rhodes and the Dodecanese which are under Italian rule. There is a large Italian as well as Mohammedan population in Tunis, which is under French rule.

Apparently the most successful attempt to deal with the political and economic organization of a great variety of ethnic groups is to be found in Soviet Russia. In the Union of Soviet Socialist Republics there are said to be one hundred and eighty-six different ethnic groups speaking one hundred and forty-nine different tongues. The policy of the Soviet Government is to allow each ethnic group to keep its own cultural tradition, to have schools in its own tongue and, within this ethnic diversity, to have an economic unity. The Soviet Government can do this successfully, since its basic philosophy is international. Russia has never lived through Western nationalism.

When cultural nationality coincides with political autonomy, when the cultural nation is an economic unity, and this cultural-politico-economic unit is imbued with the feeling of its greatness and superiority, in the competitive struggle of politico-economic national groups we get the extreme form of economic nationalism, tending towards economic imperialism, that is, nations struggling for commercial advantages against other nations. These advantages consist in capturing foreign markets and in getting backward regions to exploit. The Italian conquest of Ethiopia, in defiance of the League of Nations, is one of the latest of the long series of predatory enterprises in which the nations of Europe have been engaged in modern times as the successors of the predatory tribes that invaded the Roman Empire (in its time a very successful predatory enterprise). Spain, Portugal, Holland, France, England, earlier occupied culturally backward or politically disorganized portions of the earth—the Americas, the East Indies, the Islands of the South Seas. Germany and Italy were late arrivals on the scene of predatory nationalism, and there was not very much good territorial plunder left for them. Germany did get several footholds in South Africa (which she did not do much with), as did Italy. Italy's holdings are poor prospects, but Ethiopia holds out some promise. The

economic situation of Italy is bad. The Ethiopian enterprise offers a diversion and a lure.

A nation-state is a sovereign politico-economic unit. It exists to further the economic well-being, and the cultural good of its people. There is as yet no effective international order—economic or political. The dilemma of politico-economic nationalism is this: the nation-state is the necessary instrument for furthering the welfare of its people; not only their economic well-being, but their cultural development—their education, science, arts, and so on—depend upon the prosperity of the nation-state. But under the competitive system *economic nationalism*, which means the attempt to prosper at the expense of other peoples, breeds rivalries, suspicions, fears, hatreds between peoples, and from the state of economic international conflict the passage is all too easy to open warfare. *The great underlying cause of war to-day is economic nationalism.* The nations of the earth have become so interdependent, so closely tied up together, that for most of them economic self-sufficiency is no longer possible. They must get many supplies from other regions. For none of them is economic self-sufficiency profitable, not even for the United States and Russia, the most nearly self-sufficient solid blocks. Every war threatens to spread like an epidemic. Every threat of war is, by reason of the increasing interdependence of peoples, the impossibility of isolation, a more menacing threat than the last one to the very existence of civilization.

Nationalism as a sociopsychological phenomenon is, of course, the most massive and powerful expression of the mass-mind, of crowd contagion. It has its roots in the highly emotional suggestibility of man in the herd. The potency of imagination adds will and direction to this emotional suggestibility. Man is, in the main, highly gregarious. Most human beings hate to be alone for long. Loneliness is hell. The most cruel thing you can do to the average person is to ignore him. Consequently most human beings fear above all things to be different, to be unpopular, to oppose the crowd. The raw recruit, trembling all over at the thought of facing shell-fire or gas, still goes ahead shaking, because he fears still more the condemnation of his own crowd.

There is always a great emotional release, a sliding off of the painful burden of personal responsibility, a great emotional uplift, an ecstasy in sinking one's little, hesitating, doubting, painful self in the glorious welter of mass feeling, of getting into the current that carries one along effortlessly instead of trying to buffet against it when the band plays and the crowd marches in uniform. We see this phenomenon at conventions, parades of uniformed men, Shriners, Knights, Eagles, Elks, Moose; we see it running wild in mobs and even in religious gatherings, so that Christians fight at the Holy Sepulchre.

Now the most powerful and enduring and, therefore, the most persuasive organization for the stimulation and control of the mass-mind to-day is the nation-state. The nation-state is a social necessity. Within reasonable limits it is a great instrument for good, both economic and cultural. Moreover, while the best cultural agencies—science and learning, art and invention and ethical or spiritual religion—are international, *there is as yet no effective international economy or politico-legal system.*

It is therefore very difficult to keep nationalism within proper bounds. It is very easy to persuade a people that the nation-state to which they belong, which protects and nurtures their economic and cultural life, is always right in its international enterprises, in its conflicts with inferior rivals, and that the noblest destiny of the individual is to sink his ego in the greatness of the nation-state, of the grandeur that was Rome and shall be again, of the greatness that was Germany, the homeland of the noble Aryans, and shall be again, of Japan favored by the gods, and so on. What is the mind or will or life of a little ephemeral human ego in comparison to the greatness and glory of the immortal nation—the mortal God, with Flag, Swastika, Fasces, battle hymns?

The "sentiment" of nationality—the sense of personal devotion, enlargement, and exaltation that comes from participation in the life of one nation-people—is thus the most powerful and complete form that the "tribal feeling" takes in our modern world. In simple communities, such as the family clan or tribe, these emotions are bound up with smaller social units. Even in ancient Greece the sentiment of a general Hellenic community of

culture was very weak, as compared with devotion to the city-state (Athens or Sparta). The feeling may attach itself to any group—a fraternity, club, gang, party, and so on. But, in the modern world, it attaches itself most powerfully to those great groups which are at once linguistic, social (that is, custom-controlled) and politico-economic units—namely, nation-states. It is very easy to see why this is so. It is much easier to feel community with individuals who speak the same language, have been conditioned by the same customs, have been educated in school and outside it through the same institutions and laws and who, whatever their respective social statuses may be, are dependent on the same politico-economic system. So we have seen in our day a great growth of nationalism—new peoples demanding the status of autonomous sovereign states—Ireland, the Balkan peoples, the Czechs, the Baltic peoples, the Finns, the East Indians, and so on, and so on. We have seen the insistent demands that all Germans and Italians should be included in the German Reich or the Kingdom of Italy. Moreover, those peoples who multiply demand opportunity for expansion. The prime cause for the success of Hitler is his leadership in the unification of German policy, the restoration of German national prestige; of Mussolini, his success in unifying Italian economic life and enforcing the national prestige of Italy. The individual ego feels enlarged by the enlargement of the national ego. So Germans and Italians are willing, not only to work for a greater Germany or Italy, but to die for these cultural, economic and political entities. International humanitarianism has a very rocky road to travel, since there is no international cultural, political or even economic system to which the tribal emotions can attach themselves. It is not because man is primarily a fighter, but because he is primarily a herd-man, governed by his tribal emotions, that it is so difficult to prevent wars from breaking out between those economic, political and cultural units we call "nations." And when the herd emotion of patriotism is aroused it leads the individual to sacrifice himself for the largest group of which he feels himself an integral part—the nation.

Communism is avowedly international, and in Soviet Russia the cultural traditions and feelings of national minorities are re-

spected as nowhere else except perhaps in the British Empire. Nevertheless the success of Stalin and his comrades is due primarily to the fact that they are building up an immense nation—one greater in industry and culture than the old Russia. One hears that the spirit of nationalism is rising rapidly in Soviet Russia.

From the standpoint of enlightened nationalism, the orgy of "economic nationalism" which is to-day the chief cause of conflict, the retarder of recovery, is extremely foolish. Nevertheless, it goes on and will continue to breed frictions and wars until a genuine international economy is in being. The causes of irritation and conflict found in economic and chauvinistic cultural nationalism ("my country is the most highly civilized") are complicated by the fact that another division which cuts clear across national boundaries is becoming deeper—the conflict between Fascism and Socialism. I use "Fascism" here as a general designation for policies which retain private ownership of the means of production, but with strong state control (as in Germany and Italy); reject liberal democratic party government, and subject the whole people to the Totalitarian State ruled by a hierarchy of leaders which, being the only legal party, is no party in the historic sense but the dictatorship of a strongly organized minority using force of arms, espionage and propaganda.

It is a noteworthy and ironic fact that, in countries such as France, England, and the United States, some of the well-to-do, fearing expropriation by the triumph of Socialism, take to Fascism. Faced by a dilemma—either Socialism or Fascism—they choose what seems to them the less painful horn. They would rather have an American Mussolini or even a Hitler than a Stalin; black shirts or brown shirts in preference to Russian blouses. They do not seem to realize that what they call "liberty"—namely liberty to combine to get the largest profits and keep labor in its place would be drastically regulated and limited under Fascism or Nazism. For both the Fascists and Nazis do regiment business enterprise in what they conceive to be the interests of the Totalitarian State. It is a debatable question whether—all other things being equal—the working man might not be as well off economically under Fascism as under bureau-

eratic Communism and more "secure" than under liberal democracy. Of course, other things are not equal. Germany and Italy have bursting populations with high technology and insufficiency of raw materials. Russia has almost limitless opportunity for expansion.

## CHAPTER II

### FASCIST ITALY

TO LIBERALS, with their faith in the increasing power of moral intelligence, Italy and Germany have brought the major shattering disillusionments—Germany more so than Italy. To intelligent conservatives they must be equally disturbing. Here are two great peoples, deep within the ambit of Western civilization, who have retrograded to the spiritual darkness of political absolutism and amoral nationalism. And in Germany at least there has risen a new Paganism.

These are two of the major social products of the so-called World War, which was really a vast civil war in Western Christendom, since the non-Christian peoples (Japanceso, Turks, Hindus, and so on) involved were only on the fringe. For the first time, on a nearly complete scale, Christendom engaged in a suicidal civil war.

Both Fascist Italy and Nazi Germany, with differences in situation and emphasis, exhibit the morally and intellectually disastrous results of the spread of political and economic class conflicts and confusions, the spread of panic fears, the protest of ardent nationalism against international injustices; with the lack of decisive and unified leadership on the part of the liberal elements. In both cases a demagogic dictator rides into absolute power by playing both ends against the middle—extreme reactionaries and communists against liberals and moderate socialists who cannot unite and act vigorously.

#### 1. THE RISE OF FASCISM

In Italy the economic condition after the war was going from bad to worse.<sup>1</sup> The agrarian class and the small enterprisers and

<sup>1</sup> Best brief account of the rise and triumph of Fascism in H. Finer, *Mussolini's Italy*, Chs. IV and V. See also H. W. Schneider, *The Making of the Fascist State*.

monied class were suffering from heavy taxation and price fixing. The Socialist party, to which Mussolini had belonged, the peasant's leagues and the coöperative credit societies were depleting their incomes and profits. The trade-unions were fighting against wage reductions by the industrial enterprisers. The class war was becoming bitterer. There was fear of Communism. The Socialists were, in the main, internationalists. The ardent nationalists, especially the soldiers and the young men of the upper classes, were bitter at the national disappointment produced by the peace of Versailles. Italy had thrown over the Central Powers and gone in with the Allied Powers *in the expectation of reaping large rewards*. All she got was an insufficient part of the Trentino, not even Fiume and no colonies or mandates.

Industrial disputes became acute. In response to lockouts the workers seized many factories. The middle class was badly scared. The Fascists united for vigorous action, and led by Balbo, Grandi and Mussolini, set out by forcible action to save the country from Bolshevism, to bring about a vigorous national unity. They grew very rapidly. In May 1920 there were about thirty thousand. When the March on Rome took place October 26-27-28, 1922, there were over three hundred thousand. The Socialists, Liberals, and Catholic Popular parties did not agree on a plan of action. The successive governments (under Giolitti, Bonomi and Faeta) were irresolute, supine, and finally played into the hands of the Fascists. The king called Mussolini to Rome on October 29, 1922, and he then assumed power, which he has since aggrandized. Now he plays the rôle of Divine Emperor (*Divus Imperator*) of ancient Rome. His character is a mixture of extraordinary energy and personal magnetism, unlimited thirst for power (megalomania), genuine devotion to the power and glory of Italy, and an utterly pragmatic and Machiavellian shifting of attitudes and principles. He is a thoroughly supple and pragmatic patriotic superman. Of course, he has his own moral principle—the end justifies all and any means. The end is the expanding greatness of Italy, and Mussolini the incarnator of the Eternal Italy.

But Mussolini is a more intelligent and sophisticated dictator than Hitler. Mussolini does not preach any absurd racialism.



On the other hand, from the standpoint of a liberal, Fascism is just as bad as Nazism, since it rests on the violent suppression, by dismissal, imprisonment, exile, and even murder, of all vigorous dissent. Scholarship and thought are made tools of the Fascist State. Here, as in Germany, the new Dark Ages have begun.

Fascism has a most elaborate and skilful dramatization of public life, an incessant pageant of colorful and toneful ceremonies and exhibitions to mark everything—exhibitions of the Fascist Revolution, Anniversaries of the March on Rome, the Italian victory on the Piave, the King's birthday, giving of presents at Epiphany and Christmas, the birthday of Rome (April 21st), the day of the Fascist entry (October 22nd), when the senior Avanguardia are admitted into the Young Fascists and the Balilla into the Avanguardia with the Fascist oath and presentation of rifles and scarfs. Even the very meager old-age pensions are given to laborers, with impressive ceremonies, medals and titles. There are costumes for every rank, flags and banners galore, shouts and fanfares and the stirring songs, especially the *Giovanezza*. All these performances culminate in adulation of the *Duce*. Indeed, as Herman Finer rightly says, the major industry of Fascist Italy is Public Spectacles.<sup>2</sup>

These spectacles and also the contests for prizes in athletics, literature, science, and art are all cleverly designed and carried out to one end—to engender in the participants a Fascist slave-mentality—to get them to feel and think solely in terms of the glory and advancement of the Fascist State, to turn them into Mussolini's Robots. And this is the *Ethical State* to which the future belongs! Well, I predict that the more successful it is the more completely devastating will be its crack-up.

## 2. THE THEORY OF THE TOTALITARIAN STATE

The most systematic brief exposition of Fascist-State philosophy, known to the author, is that of Alfredo Rocco, endorsed by Mussolini. The following is a condensation of his statement, chiefly in his own words: All modern political doctrines, from

<sup>2</sup> *Ibid.*, Ch. XIV.

Liberalism to Socialism, are mechanical or atomistic. They consider the welfare and happiness of individuals to be the goal of society itself, as composed of individuals of the present generation. All of them see in society and in its juridical organization, the State, the mere instruments and means whereby individuals can attain their ends. They differ only in that the methods pursued for the attainment of these ends vary considerably one from the other. According to this concept, society is merely a sum-total of individuals, a plurality which breaks up into its single components:

Therefore the ends of a society, so considered, are nothing more than the ends of the individuals which compose it and for whose sake it exists. This view reduces social life to the existence of the single generation living at a given moment. It isolates the present from the past and the future, it rejects the spiritual inheritance of ideas and sentiments which each generation receives from those preceding and hands down to the following generation thus destroying the unity and the spiritual life itself of human society.<sup>3</sup>

This view is anti-historical. Liberalism, Democracy, and Socialism are logical derivations, one of the other. The end is the same; the welfare of the individual members of society. The individual is treated as an end in himself, the State is regarded as a mere instrument for his welfare. So this individualistic, atomistic, anti-historical doctrine is the common thread which runs through liberal democracy, Socialism and Bolshevism. They differ only as to the degree in which the economic life should be regulated for the good of the individual:

Developed Liberalism leads to Democracy; the logical development of Democracy issues into Socialism. The end is the same for both, viz., the welfare of the individual members of society.<sup>4</sup>

The differences between Liberalism and Socialism are due simply to the differences in the means for bringing about the welfare of individuals that spring from differences in the economic set-up:

<sup>3</sup> Summarized from Alfredo Rocco, *The Political Doctrine of Fascism*. International Conciliation Pamphlets, No. 223; and quotations in H. W. Schneider, *The Making of the Fascist State*. See also article, "Fascism," in the *Enciclopedia Italiana*, and G. Gentile, *Origini e dottrina del Fascismo*.

<sup>4</sup> Alfredo Rocco, *op. cit.*

Liberalism arose and began to thrive in the period of small industry; Socialism grew with the rise of industrialism and world-wide Capitalism. . . . Socialism is at odds with Liberalism only on the question of the organization of production and of the division of wealth.<sup>5</sup>

In religious, intellectual, moral and political methods they are at one. Even Bolshevism differs from Liberalism only in that the former is revolutionary, not in its socialistic aspect.

The true antithesis is the doctrine of Fascism. This implies that there is no such thing possible as a moral life of universal humanity:

Humanity exists solely as a biological concept. Each society, on the other hand, exists in the unity of both its biological and its social contents. Socially considered it is a fraction of the human species endowed with unity of organization for the attainment of the peculiar ends of the species. . . . Thus the organization of every social group is more or less pervaded by the spiritual influxes of: unity of language, of culture, of religion, of tradition, of customs, and in general of feeling and of volition. . . . If social groups are then fractions of the human species, they must possess the same fundamental traits of the human species, which means that they must be considered as a succession of generations and not as a collection of individuals.<sup>6</sup>

It is evident therefore that as the human species is not the total of the living human beings of the world, so the various social groups are not the sum of the several individuals which at a given moment belong to it, but rather the infinite series of the past, present, and future generations constituting it.<sup>7</sup>

The ends of the various social groups are not necessarily the ends of the individuals that belong to the groups but may even possibly be in conflict with such ends. Fascism is based on an organic and historical concept:

This organic concept of the state gives to society a continuous life over and beyond the existence of the several individuals.<sup>8</sup>

"The relations therefore between state and citizen are completely reversed by the Fascist doctrine. Instead of 'society for the individual' we have 'individuals for society.'" Fascism subordinates the individual; it does not eliminate him:

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

<sup>8</sup> *Ibid.*

For Fascism, *society is the end, the individuals the means, and its whole life consists in using individuals for its social ends.*<sup>9</sup> Individual rights are recognized only in so far as they are implied in the rights of the State. In this preeminence of duty we find the highest ethical value of Fascism. Individuals come into being, grow, and die, followed by others unceasingly; social unity remains always identical to itself.

For Liberalism, society has no purpose other than those of the members living at a given moment. For Fascism, society has historical and immanent ends of preservation, expansion, improvement, quite distinct from those of the individuals which at a given moment compose it; so distinct in fact that they may be in opposition. Hence the necessity arises for the total immolation of individuals, in behalf of society; hence the true explanation of war, eternal law of mankind, interpreted by the liberal-democratic doctrines as a degenerate absurdity or as a maddened monstrosity.... Our concept of liberty is that the individual be allowed to develop his personality in behalf of the State, for these ephemeral and infinitesimal elements of the complex and permanent life of society determine by their normal growth the development of the State.<sup>10</sup>

Fascism holds that in the ordinary run of events it is best to leave to individual initiative the task of both production and distribution. Liberals see in freedom a principle, Fascists a *method*. Democracy rests sovereignty in the people; Fascism in society organized juridically as a State. It proclaims that the great mass of the people is not a suitable advocate of social interest. The capacity to ignore individual private interests, in favor of the higher demands of society and history, is a very rare gift, and the privilege of the chosen few. Natural intelligence and cultural preparation are of great service in such tasks. Still more valuable is the intuitiveness of rare great minds.

Rocco gives a brief survey of the historical background of Fascism. He holds that the liberal-democratic doctrine in its origin and development is essentially non-Italian and has been accepted as an absolute dogma. Its originators and developers were chiefly English, French, and German. Fascism is a new creation but may be regarded as the heir of the old Roman tradition. Its first modern exponent was Niccolò Machiavelli who taught that the first duty of the State is to be strong. He advocated the constitution of a strong Italian State by any means necessary,

<sup>9</sup> Italics are author's.

<sup>10</sup> Alfredo Rocco, *op. cit.*

"for to his mind the holiness of the end justified them completely:"

Machiavolli, therefore, is not only the greatest of modern political writers, he is also the greatest of our countrymen in full possession of a national Italian consciousness....He taught the mastery of energy and will. Fascism learns from him not only its doctrines but its action as well.

Vico asserts the social nature of men. Experience and history, not reason, give the basis of rights. Mazzini, with his emphasis on nationalism, is the prophetic forerunner of Fascism. Liberal individualistic movements of the seventeenth and eighteenth centuries were directed against the restoration of strong political states. They continued the ideas of the Middle Ages (that is, supernationalism). Socially and politically the Middle Ages wrought disintegration and anarchy. The Middle Ages spells disintegration; Fascism is nothing if not sociality. It is if anything the beginning of the Middle Ages prolonged for centuries beyond the end ordinarily set for them and revived by the social democratic anarchy of the past thirty years. If Fascism can be said to look back at all it is to Ancient Rome. Medieval disintegration was the result of the triumph of Germanic individualism over the political mentality of the Romans.

The anti-state tendency went on in the Protestant Reformation. It is the expression of the German spirit.<sup>11</sup>

Mussolini has expounded the doctrine of Fascism vigorously and clearly. I quote from his own exposition:

For Fascism the State is absolute, individuals and groups relative.<sup>12</sup>

The Fascist State is not a night-watchman, solicitous only of personal safety of the citizens; nor is it organised exclusively for the purpose of guaranteeing a certain degree of material prosperity and relatively peaceful conditions of life. A board of directors would do as much. Neither is it exclusively political, divorced from practical realities and holding itself aloof from the multifarious activities of the citizen and the nation. The State, as conceived and realised by Fascism, is a spiritual and ethical entity for securing the political, juridical, and economic organisation of the nation, an organisation which in its origin and growth is a manifestation of the spirit. The State guarantees the internal and external safety of the country, but it also safeguards and transmits the spirit of the people, elaborated down the ages in its language, its customs, its faith. The State is not only the present, it is also the past and above all the future. Transcending the individual's

<sup>11</sup> *Ibid.*

<sup>12</sup> Benito Mussolini, *Doctrine of Fascism* (Firenze, 1935).

brief spell of life, the State stands for the immanent conscience of the nation. The forms in which it finds expression change, but the need for it remains. The State educates the citizens to civism, makes them aware of their mission, urges them to unity; its justice harmonises their divergent interests; it transmits to future generations the conquests of the mind in the field of science, art, law, human solidarity; it leads them up from primitive tribal life to that highest manifestation of human power, imperial rule. The State hands down to future generations the memory of those who laid down their lives to ensure its safety or to obey its laws; it sets up as examples and records for future ages the names of the captains who enlarged its territory and of the men of genius who have made it famous. Whenever respect for the State declines and the disintegrating and centrifugal tendencies of individuals and groups prevail, nations are headed for decay.<sup>13</sup>

The Fascist State, as a higher and more powerful expression of personality, is a force, but a spiritual one. It sums up all the manifestations of the moral and intellectual life of man. Its functions cannot therefore be limited to those of enforcing order and keeping the peace, as the liberal doctrine had it. It is no mere mechanical device for defining the sphere within which the individual may duly exercise his supposed rights. The Fascist State is an inwardly accepted standard and rule of conduct, a discipline of the whole person; it permeates the will no less than the intellect. It stands for a principle which becomes the central motive of man as a member of civilised society, sinking deep down into his personality; it dwells in the heart of the man of action and of the thinker, of the artist and of the man of science, soul of his soul.

Fascism, in short, is not only a law-giver and a founder of institutions, but an educator and a promoter of spiritual life. It aims at refashioning not only the forms of life but their content—man, his character, and his faith. To achieve this purpose it enforces discipline and uses authority, entering into the soul and ruling with undisputed sway. Therefore it has chosen as its emblem the Lictor's rods, the symbol of unity, strength, and justice.<sup>14</sup>

Fascism is opposed to Liberalism which denied the State in the name of the individual. Fascism reasserts the rights of the State as expressing the real essence of the individual. And if liberty is to be the attribute of living men and not of abstract dummies invented by individualistic liberalism, then Fascism stands for liberty, and for the only liberty worth having, the liberty of the State and of the individual within the State. The Fascist conception of the State is all-embracing; outside of it no human or spiritual values can exist, much less have value. Thus understood, Fascism is totalitarian, and

<sup>13</sup> *Ibid.*, pp. 38-39.

<sup>14</sup> *Ibid.*, pp. 17-18.

the Fascist State—a synthesis and a unit inclusive of all values—interprets, develops, and potentiates the whole life of a people.<sup>15</sup>

Fascism is, therefore, opposed to Socialism to which unity within the State (which amalgamates classes into a single economic and ethical reality) is unknown, and which sees in history nothing but the class struggle. Fascism is likewise opposed to trade-unionism as a class weapon. But when brought within the orbit of the State Fascism recognizes the real needs which give rise to socialism and trade-unionism, giving them due weight in the guild or corporative system in which divergent interests are coordinated and harmonised in the unity of the State.

Grouped according to their several interests, individuals form classes; they form trade-unions when organised according to their several economic activities; but first and foremost they form the State, which is no mere matter of numbers, the sum of the individuals forming the majority. Fascism is therefore opposed to that form of democracy which equates a nation to the majority, lowering it to the level of the largest number but it is the purest form of democracy if the nation be considered—as it should be—from the point of view of quality rather than quantity, as an idea, the mightiest because the most ethical, the most coherent, the truest, expressing itself in a people as the conscience and will of the few, if not, indeed, of one, and tending to express itself in the conscience and the will of the mass, of the whole group ethnically moulded by natural and historical conditions into a nation, advancing as one conscience and one will, along the self-same line of development and spiritual formation. Not a race nor a geographically defined region, but a people, historically perpetuating itself; a multitude unified by an idea and imbued with the will to live, the will to power, self-consciousness, personality.

In so far as it is embodied in a State, this higher personality becomes a nation. It is not the nation which generates the State; that is an antiquated naturalistic concept which afforded a basis for XIXth century publicity in favor of national government. Rather is it the State which creates the nation, conferring volition and therefore real life on a people made aware of their moral unity.<sup>16</sup>

Fascism opposes absolutely the doctrine of historic materialism which would explain the history of mankind in terms of the class-struggle and by changes in the processes and instruments of production, to the exclusion of all else.... Fascism believes now and always in sanctity and heroism, that is to say in acts in which no economic motive—remote or immediate—is at work. Having denied historic materialism which sees in men mere puppets on the surface of history, appearing and disappearing on the crest of the waves while in the

<sup>15</sup> *Ibid.*, p. 14.

<sup>16</sup> *Ibid.*, pp. 14-16.

depths the real directing forces move and work, Fascism also denies the immutable and irreparable character of the class struggle which is the natural outcome of this economic conception of history; above all it denies that the class struggle is the preponderating agent in social transformations. . . . Fascism rejects the economic interpretation of felicity as something to be secured socialistically, almost automatically, at a given stage of economic evolution when all will be assured a maximum of material comfort. Fascism denies the materialistic conception of happiness as a possibility, and abandons it to the economists of the mid-eighteenth century. This means that Fascism denies the equation: well-being = happiness, which sees in men mere animals, content when they can feed and fatten, thus reducing them to a vegetative existence pure and simple.

After socialism, Fascism aims its guns at the whole block of democratic ideologies, and rejects both their premises and their practical applications and implements. . . . It asserts the irremediable and fertile and beneficent inequality of men who cannot be levelled by any such mechanical and extrinsic device as universal suffrage. Democratic régimes may be described as those under which the people are, from time to time, deluded into the belief that they exercise sovereignty, while all the time real sovereignty resides in and is exercised by other and sometimes irresponsible and secret forces. Democracy is a kingless régime infested by many kings who are sometimes more exclusive, tyrannical, and destructive than one, even if he be a tyrant.<sup>17</sup>

In rejecting democracy Fascism rejects the absurd conventional lie of political equalitarianism, the habit of collective irresponsibility, the myth of felicity and indefinite progress. But if democracy be understood as meaning a régime in which the masses are not driven back to the margin of the State, then the writer of these pages has already defined Fascism as an organized, centralised, authoritarian democracy.<sup>18</sup>

Fascism does not, generally speaking, believe in the possibility or utility of perpetual peace. It therefore discards pacifism as a cloak for cowardly supine renunciation in contra-distinction to self-sacrifice. War alone keys up all human energies to their maximum tension and sets the seal of nobility on those peoples who have the courage to face it. All other tests are substitutes which never place a man face to face with himself before the alternative of life or death. Therefore all doctrines which postulate peace at all costs are incompatible with Fascism. Equally foreign to the spirit of Fascism—even if accepted as useful in meeting special political situations—are all internationalistic or League superstructures which, as history shows, crumble to the ground whenever the heart of nations is deeply stirred by sentimental, idealistic or practical considerations. Fascism carries this anti-pacifist attitude into the life of the individual. It emphasises the strenuous

<sup>17</sup> *Ibid.*, pp. 28-30.

<sup>18</sup> *Ibid.*, p. 32.



life. It rejects absolutely the idea of an easy life. The Fascist accepts and loves life; he rejects and despises suicide as cowardly. Life as he understands it means duty, elevation, conquest; life must be lofty and full, it must be lived for oneself but above all for others, both near by and far off, present and future.<sup>10</sup>

*Credere, obbedire, combattere* is the slogan everywhere displayed in Italy.

The Fascist appeals to Hegel's doctrine of the State as the substantive and all-inclusive matrix and form of social morality and life. Italian Fascist philosophers and German Nazis are fond of quoting Hegel. The Italians also appeal to Mazzini the patriotic nationalist, and the Germans to Fichte with his stirring summons to the Germans (in his *Reden*) to shake off the Napoleonic yoke in order that they may be free, as an original and uniquely gifted people, an *Urvolk*, to make their great contributions to the culture of the human race. Indeed there is a German Society for spreading the true Nazi social doctrine called the Fichte Society.

In my opinion the Fascist philosophy of the state was developed by Mussolini and his understudies, after the March on Rome, to give a theoretical justification to the seizure and exercise of power. An opportunity presented itself in the confusion of counsels and paralysis of action in Italy in 1922, as in Germany in 1932, for a bold and determined leader to ride to power on the wings of the craving for national vigor and unity of action. Fascism and Nazism, like Bolshevism, are examples of how easy it is for bold and dauntless leaders of minorities to rise from the bemused and leaderless masses in times of great economic stress, conflict, and insecurity. Person after person has said to me in Italy: In 1922 we did not know where our bread was coming from, whether there would be any, how long there would continue to be a semblance of public order. Now, at least, we have order, expansion of public activities, and, if we have not a great abundance of bread, at least we are all sure of some.

<sup>10</sup> *Ibid.*, pp. 26, 27.

## 3. THE STRUCTURE OF THE CORPORATIVE STATE

The Totalitarian State is the Corporative State. Its forms of economico-political organization substitute: (1) for the opposing free organizations of labor (trade-unions) and employers' associations, twenty-two corporations of employers and employees, subject to the strict control of the supreme Fascist council; (2) for the parliament of representatives elected on a geographical basis by majority vote of all qualified citizens, an assembly of 400 members nominated by the various vocational corporations from their members of "good political character" subject to the approval of the *Great Fascist Council*. The voters are the dues-paying members of the corporations and they have the choice (?) either of voting for the approved nominees or not voting at all. In short, the Fascist Labor Parliament is a hand-picked body. No one can be nominated without the approval of the Fascist Council. No other party is legal. There is absolutely no chance for any dissenting group to nominate any one for office.

The supreme executive is the head of the government (*capo del governo*), Mussolini, who holds several offices in the cabinet. The Great Fascist Council (*gran concilio fascista*) is the supreme administrative organ. It decides all questions specified by the law and gives advice on all other political, economic, and social questions submitted to it by the King and the *capo del governo*. The latter convenes the Great Council when he sees fit, and fixes the order of the day. The composition of the Great Council is made up as follows: four life members, besides the *capo*, Balbo, Bianchi, De Bono, De Vecchi; ex officio members, the presidents of the chamber and the senate, the ministers of state, the under-secretaries of state in the presidency of the council of ministers, the foreign office, the home office, the ministry of corporations, the commander of the militia, the general secretary, vice-secretary, and administrative secretary of the Fascist party, the members of the directorate of the party, the president of the Italian Academy, the presidents of the general confederacy of autonomous organizations of agricultural employees and industrial employees, of the national cooperative, of the *opera nazionale Balilla*, of the special tribunal for the

defense of state—about forty in all. The *capo* can appoint as many others for as long a period as he sees fit. All ex officio members, except the presidents of the two houses of Parliament, are appointed or nominated by the *capo*. The Great Council chooses the head of the government. There is no effective check on the head, once chosen. Laborers and employers have no representation on the Great Council.

The mayors (*podesta*) of all communes are appointed by the Ministry of the Interior. There are no provincial or communal elective councils. Councils chosen from the voters of the communes have only advisory functions.

The State is a hierarchical organization. Popular sovereignty and parliamentary government are rejected. The élite rule. Authority devolves from the top downward. In place of rule through needless talk and dispute between representatives, elected on a geographical basis, the legislative body is to consist of representatives of the various occupational groups elected by the fee-paying members of the groups, from nominees made by the party, that is, in effect, from nominees of the leader (*il Duce*). Italy is a one-party state. Administration is entirely concentrated. The *Leader* controls the Great Fascist Council. The selection of leaders, all down the line, emanates from above. Unqualified obedience is required of all members.

A list of 800 candidates for the Chamber of Deputies is chosen by certain Fascist syndicates and trade-unions selected by a committee of 10. From this list the Great Fascist Council selects 350, and adds 50 of their own choosing. The electorate must accept or reject the list as a whole. The electorate consists of all men between the ages of eighteen and twenty-one who are married and have sons; of men over twenty-one who pay at least 100 lire yearly in taxation, or own at least 500 lire in state bonds; and ministers of religion. The legislative powers of the Parliament are to be surrendered to the new *National Council of Corporations* which will govern Italy as a *corporative state*. There are at present 22 *National Fascist Corporations*.

The following are the National Corporations: (1) Cereal; (2) Horticulture and Market Gardening; (3) Vine and Wine Culture; (4) Beets and Sugar; (5) Oil; (6) Animal Husbandry

and Fishing; (7) Wood; (8) Textile Products; (9) Metallurgy and Machinery; (10) Chemistry; (11) Clothing; (12) Paper and Printing; (13) Building Construction; (14) Water, Gas and Electricity; (15) Extractive Industries (mining, quarrying, and so forth); (16) Glass and Ceramics; (17) Credit and Insurance; (18) Liberal Professions and Arts; (19) Marine and Air Transport; (20) Land Transport and Communications; (21) Theater; (22) Hotels.

The Councils of the several Corporations include representatives of both employers and employees. They vary in size from 12 to 50 members. The National Council of Corporations realizes the total representation of the economic, political, moral, and cultural forces of the State. Its functions are consultative and regulatory. It makes rules coördinating the work of the various syndical and corporative institutions and considers the rules made by the Corporations for the coördination of the different economic activities. There are 7 sections: (1) Liberal Arts and Professions; (2) Industry and Artisans; (3) Agriculture; (4) Commerce; (5) Land Transport and Inland Navigation; (6) Marine; (7) Credit and Insurance.

These sections represent the National Confederations of Employers and Employees and the National Institute of Coöperation.

The General Assembly of the Sections also includes Ministers, Secretaries, and Director Generals of the Ministries of Corporations, Interior, Agriculture and Forestry, and the Fascist party, representatives of institutions most concerned and the persons specially competent to deal with questions of syndical organization designated by the ministry of corporations.

The Central Corporative Committee includes the ministers and secretaries before mentioned, the presidents of the National Confederations, the National Institute of Coöperation, and the National Patronage of Social Assistance, the Secretary General of the National Council of Corporations and representatives of the party charged to replace the President in the 22 National Corporations.

This Central Committee coördinates the activities of the Council and makes decisions and gives advice, when the Council

is not in session, on all matters which concern national problems of production and the moral ends of corporative organization.

The Chamber of Deputies is still functioning after a fashion. The General Assembly of Legislative Bodies includes the Chamber of Deputies and the assembly of the National Council of Corporations. What will become of the Chamber of Deputies is not yet determined. It was proposed to abolish it, but it is now suggested that it be kept as a legislative agency whose members are named by the National Council of Corporations.

#### 4. CONTROL OF CAPITAL AND LABOR

Contracts in regard to wages and conditions of work are made between representatives of the employers' and employees' associations. These contracts are binding on all members of both *associations, and also on workers not members of the association* in the plants which make the contracts.

Employees' strikes are subject to heavy fines, and leaders thereof to imprisonment of from one to two years. A strike is defined as the cessation of work by three or more. Strikes in public utilities and state enterprises are punished by penitentiary sentences for the strikers and penal servitude for the leaders. Employers, for unjustifiable suspension of work, are subject to heavy fines and penal servitude. The labor tribunals for the settlement of disputes consist of five members—three judges and two citizen experts chosen from classified lists publicly posted. These experts must be of good moral character, at least twenty-five years of age, and have university degrees. In all cases the representatives of labor, as well as of capital, in making contracts and in disputes before the labor tribunals, must be approved by the Fascist party council. Workers can be employed only through the official employment offices of legally recognized associations and these must give preference to the members of the Fascist organizations.

Intellectual and manual laborers cannot belong to the same associations. Provision is made for autonomous associations of independent artisans, merchants, and business men who employ no one, and for peasants working independently. The govern-

ment can initiate and alter the statutes of all associations, federations, and corporations. All occupations are to be thus organized into one vast syndicate, *the corporative state*.

Private ownership and initiative are preserved. No strikes or lockouts are permitted. Capital as well as labor is subject to strict control. The State has the right to intervene when private initiative is considered inadequate. In short, there is national economic control. The Fascist State is, to a preponderating degree, a form of State Capitalism.

The Fascist corporative state is a new structure in Western political and economic society. Although retaining the principle of private initiative and ownership, in other words private capitalism, the corporative state has abandoned laissez-faire. Capital, as well as labor, is regulated in its actions and policies in the interests of the whole organism by the ruling organs. The end aimed at is coöperative, but in so far as voluntary coöperation is not forthcoming, it is forced.

It is said by some observers that the capitalists have much more influence under Fascism than the laborers; that the corporative organization has been forced on Labor by the Fascist party, and that Labor is largely passive in accepting it. After personal observation (thirteen weeks in 1931 and one month in 1936) I cannot say that the Fascists have surrendered to the capitalists. I came across a number of striking instances in which *il Duce* had made capitalistic owners toe the mark in the interests of the common people. I received personal testimony from several employers as to the strict control in regard to wages and employment. The Fascists are striving to create a new attitude of coöperation. It is said that they have suppressed liberty and democracy. With respect to liberty, the Fascist answer is that real liberty can exist only within the State, that a man's liberties are functions of his social relations and obligations, and that liberty to agitate to overturn the State is not genuine liberty but anarchy. They also claim to stand for democracy in the only genuine sense; namely, that democracy means only a fair opportunity for the individual to express himself and realize his life as a faithful functioning member of society. They claim that genuine opportunities for work with livelihood, culture, and rec-

reaction can be afforded only where the State is an organic whole of members coöperating, each in his own place, under the wise direction of the Head. It may be that the Fascist State represents the only form in which the State can persist and flourish in our complex world with the retention of private capitalism. If this be so then the only future alternative to it is a collectivistic democracy.

### 5. FASCISM'S ACHIEVEMENTS

Much has been made of the achievements of Fascism. The railroad and steamship services have been improved. The trains run on time. There has been a great electric power development. Highways are being built. Public buildings of all kinds are being erected. Quantities of marshland have been reclaimed for wheat growing—the "battle of wheat." Well, these things were being done before Fascism. The question is whether they are not now being overdone. Perhaps Italians eat too much starchy food and not enough vegetables and meat. Great industrial expansion is perhaps unwise. Italy is not well fitted to become a great industrial nation. She lacks coal, iron, cotton, and oil. Coffee, oil, cotton, gold, and other minerals as well as grain, she expects to get from Ethiopia. The grandiose buildings and the *autostrade* may seem largely extravagances in a country with an enormous and rapidly increasing debt, but they have furnished employment. The attempt to get larger families seems to me suicidal in an already overpopulated country. The only outlet is war and conquest—a more dangerous way of escape than ever. The lot of the mass of the people has not become better, but the income for the mass has become more stabilized. Italy had the lowest standard of living in Western Europe before the World War. Figures show that the real wages have declined under Fascism. The lot of women has become harder.

The figures for unemployment under Fascism are misleading for two reasons: (1) In order to avoid the dole, Mussolini has put so many in the army, the police, and in public works that the charges on the public have been greatly increased. (2) The great majority of the workers are agricultural laborers, with a very low standard of living previous to the depression. The

unemployed agricultural laborers are scarcely represented in the unemployment figures. They are excluded from unemployment benefits. The agricultural population consists in large part of peasants who work their own farms or work for landlords. These laborers must work harder for much less remuneration. Misery is prevalent in the rural districts, and hunger riots have not been infrequent. In the winter of 1932 unemployment, excluding agriculture, was 28 per cent of the workers; in Germany it was 30 per cent, and in England it was 21 per cent.<sup>20</sup> In 1927 alone wages were cut 20 per cent. The great achievements in land reclamation have been tremendously vaunted. Apparently the work on land reclamation has been concentrated mainly in small areas, especially available for publicity purposes. This is the case with the Pontine Marshes near Rome. In March, 1934, out of 65,000 workers on land reclamation, over 23,000 were employed in the Pontine Marshes; the Marshes proper have an area of 26,000 hectares; the neighboring territory of Piscinana, 54,000 hectares. There does not seem to have been much improvement, in the provision of hospitals and sanitary arrangements in the small towns and suburbs of the larger cities.

Efforts have been made to increase literacy. It is boasted that illiteracy has declined 6 per cent from 1922 to 1931. It is overlooked that it declined 10 per cent in the two periods 1902-1911 and 1912-1921 under liberal governments. More schools have been built, but education is strictly subservient to the inculcation of Fascist political doctrine. Indeed culture, in general, is strictly regimented, although not so severely as in Nazi Germany. Teachers must, above all, teach obedience to Fascist principles. This is true of the Universities. There is no freedom of the press, for all the newspapers must echo the Fascist policy. By teaching unquestioning obedience to the Fascist State, intellectual and moral independence is undermined. There is no place under Fascism for the rational individual, for whom reflective consciousness is the highest guide. Religion in its teaching must be entirely harmonious with the Fascist political philosophy. Within these limits Fascism is friendly to culture.

<sup>20</sup> Maurice Parmelee, *Bolshevism, Fascism and the Democratic State*, p. 260.



Finally, of course, the laboring class has no genuine independence. The official representatives of labor in the corporative assembly are simply representatives of the Great Fascist Council, and therefore of the dictator. It is significant of the parlous financial plight of Italy that in January 1937 there was levied on real property a forced loan of 20 per cent, and that the banks were required to finance these loans up to 90 per cent. In Italy, as in Germany, only the dictatorial inner circles know the financial condition of the country.

## CHAPTER III

### GERMAN NATIONAL SOCIALISM

#### 1. NAZI GERMANY—ITS ANTECEDENTS

**I**N POST-WAR GERMANY there were: the increasing economic decline of the middle class; the hard and worsening conditions of labor; the threat within, and looming from across the border, to the great industrialists, of Communism; and the bitter humiliation of defeat—the war guilt clauses in the Versailles Treaty, the occupation by the victorious Allies, the demilitarization, the loss of the fleet and the huge war reparations. Again, as in Italy, the moderate Socialists and liberals of various degrees could not unite in a vigorous program to accomplish a truly Herculean task. There were ominous rumblings of a Communist revolution. Communism would mean the ruin of the great capitalists as well as the lower middle class. The Prussian farmers were individualists. The Junkers (the large land holders) had a strong hold on the army. Germany had a large middle class of salaried employees. The ardent nationalists, militarists and the youth, smarting under the national inferiority complex, could not stomach an international pacifistic movement. They wanted Germany to get back her place in the sun. And, of course, like all such patriots, they identified the recovery of Germany's international power and prestige with their own increase in prestige and power. Had not Imperial Germany expanded at once in economic and military power and prestige?

After the war Germany became a constitutional federated republic, under the Weimar Constitution. There were many parties, but the Social Democrats, being the most numerous, were put in control. Germany suffered a financial and psychological breakdown. It was exhausted economically and psychologically. Economic conditions went from bad to worse. The large middle class was being ruined. Unemployment increased. Then came the

world depression, which rendered the situation even more acute. The condition of the lower middle class and proletarians grew worse and there was no employment for the youth.

Adolf Hitler, an Austrian, who had served in the war and had in his youth been imbued with the lower middle class anti-Semitism of an Austrian, Karl Lueger, came forward with a gospel of German national socialism, at once, strange as it may seem, anti-communistic and anti-capitalistic, but above all, anti-Semitic. Both Capitalism and Communism were viewed by him as Jewish in origin. He made a stirring appeal to national pride by the thesis that Germany's defeat in the war was due to a stab in the back by traitors at home, namely, Jewish Capitalists and Communists and Social Democrats. The middle class, in dire straits, was in a pathological state. They had suffered greatly, with incomes shrinking to the vanishing point, and they feared Communism, which to them was tied up with Russian semi-barbarism. Naturally, the great steel barons, Fritz Thyssen, and Baron Krupp von Bohlen and Halbach feared Communism still more. The rise of Nazism, then, is the exhibition on a tremendous scale of collective psychopathology; compounded of desperation, fear, a patriotic inferiority complex and defense mechanism.

As K. Heiden well puts it, "A foundered man and a foundered nation have formed an alliance."<sup>1</sup> Hitler is a double personality. He is Adolf Hitler the lazy, imaginative, ill-educated, sober, and persevering bourgeois who could not make a living. He is also *der Führer* who has compensated for his inferiority complex by the realization of his grandiose and fanatical dream of building up, from the great Nordic race, a people to dominate Europe and perhaps the whole earth. The German nation, before the war already arrogant and being inflated with dreams of greater power, was defeated, humiliated, in poverty and dire distress. It found its defense mechanism for its inferiority complex and its hunger in *der Führer*. The dual personality of Hitler is the individualized incarnation of the dual personality of the masses of the German people.<sup>2</sup>

<sup>1</sup> Konrad Heiden, *Hitler*, p. 296.

<sup>2</sup> *Ibid.*, p. 304.

## 2. THE RISE OF THE NAZIS

I have not space here to recount the steps by which the Nazis came to power in Germany with Hitler, the Leader, as the Imperial Chancellor.<sup>3</sup> But it is necessary, since it throws light on the special psychology of the struggle, to refer to some critical events and outstanding policies of the Nazi régime.

The Nazis, an abbreviation of National Social Deutsches Arbeits Partei ("brown shirts," from their uniforms), as an organized movement date from about July, 1919, when Hitler became Number 7 in the inner political cell of the "German Workers Party" led by Drexler, Harrer, Eckart and Feder.

Perhaps the first birthday of the Nazi party should be dated November 9, 1923, and the previous period be regarded as one of gestation. Hitler, Ludendorf and their followers had surprised von Kahr, the Bavarian Government Commissioner, who was planning a coup against the Reich Government, while he was speaking at a large meeting in the Bürgerbräukeller in Munich. Hitler forced von Kahr, at the point of a pistol, to proclaim a new Reich government. As soon as von Kahr got his freedom he repudiated what he had said, collected police and dispersed Hitler's and Ludendorf's armed forces (about two thousand) at the Feldherrn Hall. Sixteen were killed. Ludendorf was taken prisoner. Hitler threw himself on the ground to escape the volley and fled from Munich. He was later arrested, tried, sentenced and imprisoned under easy conditions, where he was visited by his friends and spent his time in writing.

From this seeming fiasco Hitler became a hero and his party grew by leaps and bounds. The sixteen are revered as martyrs. Night and day troopers stand guard where they fell and all good Nazi Germans salute the dead heroes as they pass by. The blood of the martyrs is the seed of the church.

The Nazis were inspired by the ideas of restoring German unity and vigor of action, Germany's international prestige, repudiating the terms of the Versailles Treaty, and rearming. The Jews are particularly hateful to the Nazis as being the

<sup>3</sup> See Konrad Heiden, Calvin B. Hoover, Rudolf Olden, and F. L. Schuman in Bibliography.

chief authors of both Communism and Capitalism. (?) They always refer to Soviet Russia as the "Jewish Bolshevistic Barbarism" which menaces the European culture. We are to understand that the world-spirit has chosen the Nazis to achieve the salvation of European culture. Germany is the front line of defense of "culture."

The original social program of twenty-five points included, among others, the following: abolition of interest-slavery and the slavery of profits; nationalization of the banks; predominantly State ownership of land; the abolition of private sales of land; abolition of ground rents; abolition of unearned incomes; abolition of war profits; nationalization of all trusts; communalization of large stores and renting them to small tradespeople, preferences given to small traders in public supplies; better provision for old age; abolition of the Roman law and substitution of the German Common Law; organization by the State of all educational and cultural work with emphasis on the science of citizenship; promotion of health; drastic control of the Press; freedom for religious creeds in so far as they teach in harmony with the Germanic State; the union of all Germans in a Pan-German state; abrogation of the treaties of Versailles and St. Germain; citizenship in the German State to be limited to those of German blood; prohibition of immigration of non-Germans. Nevertheless the Nazis are a socialistic party only in a very peculiar sense. Hitler defines a socialist thus:

"Whoever is prepared to make the national cause his own to such an extent that he knows no higher ideal than the welfare of his nation, whoever in addition has understood our great national anthem, '*Deutschland, Deutschland über alles*,' to mean that nothing in the wide world surpasses in his eyes this German people and land, land and people—that man is a socialist."<sup>4</sup>

To carry out these ends the Nazis organized the Storm Troopers (*Sturm Abtheilung*—S.A.'s) headed by their leader Hitler. They held meetings at which they beat up any opposition. As they gained strength they broke up the meetings of opponents and beat up not only their active opponents and critics but helpless Jews and others. The Nazis introduced organized ter-

<sup>4</sup> Konrad Heiden, *History of National Socialism*, p. 85.

rorism into the political struggle. They have held that they are justified in using any means necessary to suppress opposition and eliminate opponents whom they fear. The stories of brutality and murder at the concentration camps are well known. I will mention one thoroughly well authenticated case. A young prince was not an enthusiastic Nazi. He had not opposed them actively. His elder brother, a Nazi, laid information against him. The young prince was thrown into a concentration camp. After a month he was released. In a few months he died from the effects of the abuse he received while in custody.

Hitler may or may not know of these things but in any case he not only took part in violence, but in *Mein Kampf* (*My Battle*), advocated it.

### 3. THE PURGE OF JUNE 30, 1934

On the above date an unknown number of men who were said to be planning a revolution were summarily shot. Hitler in the Reichstag admitted that 77 had been executed. The *Manchester Guardian* claims to know that 282 were executed. It is now held that nearly twelve hundred were executed.<sup>4</sup> Among those shot were Ernst Röhm, head of S.A., one of Hitler's oldest friends and able lieutenant; another old friend and co-worker, Gregor Strasser; General Schleicher and his wife; Dr. Erich Klausener, head of the Catholic Action and Willi Schmidt, a Munich music critic who was confused with Wilhelm Schmid, a Nazi group leader; Herr von Kahr, Nazi; Edgar Jung. Herr von Papen narrowly escaped. Röhm, Strasser and many others were shot because they were suspected of planning a revolution of the more radically socialist-minded Nazis.

Von Schleicher and his wife, Jung and others were killed because they knew too much of Hitler's past. "Divisions who mutiny," said Hitler, "have from time immemorial been reduced to order by decimation." So when every tenth man in disaffected S.A. divisions was shot, naturally some innocent men fell.

Hitler justified his action in the following words in the Reichstag: "If any one should ask why we did not have these men

<sup>4</sup> Wickham Steed, *New York Times Magazine*, Feb. 28, 1937, p. 1.

tried in the usual manner by the courts of justice, I can only say that in that hour I was responsible for the fate of the German Nation, and thus *I myself embodied the supreme legal authority.*" In that he affirms that *he is the State.*

The reason for the execution was simply to inspire terror. As Heiden says, "Cruelty is an essential part of dictatorship. The throne of dictators has always stood upon a fundament of skulls." \*

Fanaticism invariably breeds cruelty when it is married to power. Philip of Spain was not naturally a cruel man. But, believing himself the Lord's anointed to defend the true faith, he used the Inquisition to that end and plotted to assassinate Elizabeth. The Nazis, believing themselves appointed to bring to pass the domination of Europe by a resurgent Germany, are brutally ruthless towards every one who even disagrees with them just as much so, probably more so, than the "Bolshevistic Barbarians."

#### 4. THE LEADER—ADOLF HITLER

Hitler is a consummate demagogue and spellbinder, a shrewd hypnotizer of the crowd, a fanatical patriot (with his anti-Semitic obsession). He believes what he says at the time; but like other hystericals, he has a very convenient capacity for obliviscence. Rudolf Olden depicts him as a petty uneducated bourgeois who despises the working man and the common crowd for its "weakness and bestiality." Olden paints him as the son of a cobbler who rose to be a petty Austrian official (customs and tax collector) and thinks Hitler's kowtowing to the cultivated members of "good" families and sharp criticism of the lower classes reveals that he still has the social attitude of his father.

It is true that many utterances of Hitler show something of this attitude; but I think it must be said that apparently he has a genuine interest in the welfare of the mass of his fellow Germans, although he would not hesitate to make them cannon fodder for the realization of his grandiose dream. He has much shrewdness and adroitness. He has a high intelligence, although

\* *History of National Socialism*, op. cit., p. 427.

not well educated. His career since before the Munich *Putsch* of 1923 shows a consistency of aim. He is logical—from rotten premises. He is apparently without intimate friends. He seems devoid of gratitude or loyalty and quite ruthless—as witness the summary execution in the purge of June 30, 1934, of his devoted lieutenants, Ernst Röhm and Gregor Strasser.

The secret of his success lies in his passionate German nationalism, his fanatical belief in the inherent superiority of the Teutonic stock, his ability to hypnotize the crowds, his skill in planning parades and all their paraphernalia, and not least his belief in his own greatness. Hitler has said that the mass of the people are ruled by their emotions and they will believe anything that is incessantly dinned into their ears and paraded before their eyes provided there is a modicum of truth in it (the modicum need not be a large fraction of the whole "show"). He has proceeded upon that creed with amazing success. Hitler and Mussolini are the greatest showmen in Europe. But the Russians are equally good in this line. The greatest public show I have seen was the grand Fascist *Leva* in Rome, May 24, 1936, celebrating the anniversary of Italy's entrance into the World War and the re-founding of the Roman Empire in Africa by Mussolini. The next greatest shows were the Physical Culture Days in Moscow and Leningrad. I understand the Nazi public parades and congresses to be even grander than those of the Fascists.

It takes more than average mental poise not to be swept away from one's intellectual and moral moorings by the tidal wave of gregarious emotion aroused in a great mass demonstration. The suggestible individual is sucked into the whirlpool of the crowd-emotion and is ready to believe or do anything.

While Hitler is a master demagogue, he does not believe in the wisdom of the people. He has said again and again that the élite should rule. In his ideal State "only the pick of the best and most capable can attain to power just as in the animal world." In any economic system based on the right of private property the best and most capable will be organized into "corporations." Hitler accepts the corporate state idea of Fascism. Hitler says that minorities always rule. Energy lies dormant like all great things only in minorities. The masses must be led,



for their own good, by the élite. Majority rule is the negation of this principle; majority rule is the domination of the stronger, more capable, more distinguished, braver, by the commoner, weaker, more cowardly. A mass organization of working animals lacks leadership.

The Nazi doctrine of the State thus rejects democracy and proclaims aristocracy—the leadership of the élite—as a fundamental principle. Their quarrel with Bolshevism was not that in the latter there was dictatorship, the leadership of the ablest. They probably got the idea of dictatorship from Lenin and Trotsky. No, the criminal error of the Marxists was that the leaders were Jews. They did not recognize the doctrine of the inherent superiority of the Nordic or Germanic race—the doctrine of Nietzsche, Gobineau, Houston Stewart Chamberlain and others. The Nazi leaders are in their own eyes the supermen, called to lead the Nordic race to the fulfilment of its goal—creative supremacy and leadership in European culture. The Nordic supermen shall inherit the earth. Jesus was a proletarian Jew, a forerunner of Marx, since he said, "The meek shall inherit the earth." Or, if the Nazi has a sentimental leaning towards Jesus, the latter is held to have been a Nordic. They are logical in "co-ordinating" religion, that is, subjecting it to the Nordic aristocratic state ruled by supermen.

I do not know whether Hitler had ever read any of Nietzsche but certainly his doctrine is one application of Nietzsche (I think a distorted interpretation). Perhaps he learned of it from Rosenberg and Dietrich Eckart. He is said to be a voracious reader.

Olden, in his *Hitler a Pawn*, expresses the view that Hitler is the pawn of the *Reichswehr*, the army. I have heard others intimate with the development of the Nazi régime say that Goering, Goebbels and Rosenberg are the real rulers, and Hitler is the "popular front" because of his power over the masses. It is true, of course, that the Nazis can remain in power only so long as both the Army and the mass of the people are in agreement with them, or at least passively submit. The Army has the military power to intimidate the mass but they could hardly hold out against a great mass uprising. The truth probably is that the alliance between Hitler and the Army depends on Hit-

ler's strength with the people and that Goebbels and Rosenberg and Goering realize this. Lately the appointment of Goering as economic dictator indicates that Hitler recognizes the supremacy of the Army, since Goering is a daring war-aviator. It is said that there is no love lost between Goering on the one hand and Goebbels and Rosenberg on the other.

At the present time Germany is ruled by a quadrumvirate—Hitler, Goering, Goebbels and Rosenberg. Hitler is the prophet of Teutonism who spends much of his time in seclusion in his mountain retreat, from which he emerges at intervals with revelations. Goering is chief actual dictator; Goebbels, dictator of propaganda and culture, and Rosenberg of Nazi philosophy.

## 5. PHILOSOPHY AND ORGANIZATION OF THE NAZI STATE

National Socialism is a combination of intense nationalism, based on the doctrine of Germany as the supreme embodiment and leader of the noble and creative Germanic, Nordic or Aryan race, with the political doctrine of the Totalitarian State. The underlying philosophy is the same as that of Fascism. The fatherland is the supreme, all-inclusive temporal and eternal unity of the Germanic Spirit (*Geist*), which includes and controls all special interests—economic, cultural and religious.

The Nazi philosophers stress the Germanic Nature or Essence (*Deutsche Wesen*), Germanness (*Deutschheit*), the unity of the Germanic souls (*Einheit deutscher Seelen*), the German people—totality of the German people (*deutsche Volkstum*), Folk-whole (*Volksganz*), Folkness (*Volkheit*), Soul of the Race (*Rassenseele*). Folkness (*Volkheit*)—is defined as the unity of the comradeship of the people in a spiritual Reality. In a thirty-page brochure<sup>7</sup> such expressions recur again and again on every page. I found ten on one page alone.

We are told that in the unity of the German Souls, the German Nature (*wesen*) marches through history as a self-enclosed, self-contained Personality. It is a "Totality of living folkness," to nourish which is the purpose of the State. This metaphysical

<sup>7</sup> Herman Schwartz, *Zur Philosophischen Grundlegung des Nationalsozialismus* (*Deutsche Hochschule für Politik*).

Folkhood reduces all illusory democratic freedom and unity to powder. This is a higher inner freedom rooted in loyalty and honor; far superior to the external selfish freedom of democratic individuals. Just as in marriage a higher unity is formed by the spiritual union of man and wife, so in loyalty and honor to Germanism the individual souls are fused by the dynamic torch of Germanism, the unifying dynamic of blood and soil (*Blut und Boden*) into a metaphysical unity that transcends mind and is eternal. In the people's Communal Living Experience (*Völkische Wir-Erleben*) we are fused into a sisterhood through Blood, Land, and Destiny; in which "Sistering" (*Verschwisterung*) the metaphysical Thou-ness (*Duheit*) is engendered from which the real State and Fatherland can first be created. In other words, this temporal-eternal Germanic All-inclusive Spirit or Essence creates the state. The Leader and the Party are the dedicated instruments for the self-realization of the Germanic Spirit. Beyond much reiteration about Honor and Loyalty as belonging to this Essence, I have not been able to learn just what this Soul, Spirit or Essence of Germanism means.

I have insisted repeatedly that the individual human animal becomes an ethical person only by doing his part in a functional society. I have maintained the essential interdependence and mutuality of human beings as ethical persons. But to me this Nazi Germanism is essentially a racial and geographical mysticism full of explosive nonsense. Why are parliamentary democracy and liberalism so contemptuously rejected? Because these doctrines really presuppose that the individual personal soul has, in its rational spirit, potencies that transcend the bounds of race and nationality.

The Nazi philosophy is a philosophy of racial tribalism. In principle liberal democracy is a philosophy of universal humanism. The Nazi philosophy is the tragic perversion of a great principle—of the principle that he that seeketh his own egoistic life shall lose it and he that seeketh the universal values shall find his own spiritual personality. The Nazi philosophy stops at the boundaries of the tribe (all German-speaking Aryans are included in this tribe now). It fails to see that the true homeland of the spirit—the Beyond that is within—is in the realm

of free spirits—here and now, whether in Columbus or China. It is true that my station and its duties must engage most of my activity. I ought to live as a good citizen, a good husband and father, a good teacher here and now. I must live as a member of a nation. The true culture of a people flourishes in a special area with a particular climate of speech and usage (the National Ethos). But surely the free spirit will regard these local and national occasions and instruments as means by which universally human values can be served and enjoyed.

In the higher aspects of their cultures—moral no less than intellectual and esthetic—civilized peoples transcend racial and national barriers. There is a finer breath and essence that can pervade and cleanse these national climes. This is the rational free spirit of light and love for the universally human essence or nature; and not just the Germanic, English, Italian, or American essence.

Liberalism, democracy and parliamentarism are rejected by the Nazis. Liberalism is rejected because it makes the rational conscience of the individual the supreme arbiter and sets it above the will of the total organism. Democracy is rejected because it assumes the equal right to civil and political liberties of all individuals. Parliamentarism is rejected because it is based on the doctrine that decisions of state are to be the outcomes of debate and compromise between different interests working through representative assemblies. Freedom of speech, assembly, and publication, are suppressed. There is not even freedom of the courts. The German legal system was based on the Roman imperial law. That has been practically abolished, or at least relegated to a position of subordination. Nazi judges, under the direction of the dictatorship, can make law by edicts affirming the principles of the tribal law of the ancient Teutons. It is possible to-day to imprison people in Germany and to keep them in prison for years without trial. It was said that in 1934 there were still nearly one hundred thousand persons in prisons and concentration camps; ten thousand of these having been kept imprisoned without trial since 1933.<sup>8</sup>

<sup>8</sup> These figures are given in a letter to the *New York Times*, April 23, 1937, by Wilhelm Sollman who was for fifteen years a member of the

## 6. CAPITAL AND LABOR

German private enterprise is divided into twelve groups. Each group has a chief leader and a deputy leader. There are 23 leaders of group subdivisions. Each group leader has a leader's council to advise him.

Labor unions have been suppressed. Strikes, as well as lock-outs, are forbidden. The employer is the leader of his own concern. He is chairman of the shop council, which consists of "nationally reliable" workers over twenty-five years of age who have been employed in the enterprise for at least one year. This council has only advisory functions. In case of dispute it can appeal by majority vote to the labor trustee for the district. There are 14 such districts. The trustees maintain industrial peace, make regulations for wages and working conditions and supervise their enforcement when enacted by the government. The *District Standesgericht* has power to regulate labor conditions. Although there has been a law calling for election of representatives by the workers in every plant, no election has been permitted for two years past.

The organization of the economic life is as yet incomplete. The government has set up monopolies to supervise trade in a number of commodities. For some years there has been a striving for economic self-sufficiency, and this continues more drastically in the efforts to develop substitutes for materials formerly imported. On the other hand, Germany, being a highly industrialized country, is endeavoring to expand its foreign trade. The government restricts imports, rations certain commodities, controls foreign exchange. Great efforts are being made to reduce unemployment and to redistribute the population, moving portions of the city proletariat to the country. Persons having one-fourth or more of Jewish blood are severely restricted with respect to their educational, professional and business opportunities. In Prussia, Aryans who married non-Aryans after the Nazi revolution, were forbidden divorces. Strong pressure is brought to prevent such marriages. Jews are allowed to engage in com-

German Reichstag and Secretary of the Interior in the cabinets of Dr. Gustav Stresemann.

merce, industry and agriculture. A limited number of Jews are admitted to the professions and to the higher schools and universities. On the other hand, they are being driven by pressure from Medicine, Law, and the Fine Arts. A large number of university Jewish teachers have been dismissed. Jews have been deprived of citizenship in large numbers. They have been dismissed from the army and navy, with the exception of officials who were in the army prior to August 1, 1914, or who fought in the war, or whose parents or sons were killed in the war. It is estimated that nearly one hundred thousand Jews have been driven, or have fled, from Germany.

The emphasis on racialism takes other forms. It is held that the primary duty of women is to bear children. The place of woman is in the home. Obstructions are put in the way of women entering business, the professions, or industry.

Compulsory sterilization of those mentally or physically unfit to have healthy children is in force.

## 7. EDUCATION AND CULTURE

Education, from the primary school to the universities, is made subservient to the upbuilding of a stronger Germanic Totalitarian State. No teacher is permitted to teach anything out of harmony with the official doctrines of National Socialism. Consequently the academic freedom in teaching and research, which was a notable feature of German universities before the Third Reich, has been abolished. The teaching of History, Political Science, Sociology and especially Anthropology, must conform to the Nazi doctrines. The official anthropology holds the following tenets:

1. The Nordic or Aryan race is superior to all other races.
2. The Aryan race has been the creator of Western culture. In particular, Classical Greek culture was created by Teutonic invaders from the North. Those who still honor Jesus among the Nazis regard him as a Nordic. The leaders of Art and Thought in the Italian Renaissance, as well as in the renaissance and reformation north of the Alps, were all Nordics. What is really great in French and English art and thought, as well as

in the art and thought of Germany, Scandinavia and the Low Countries, is due to the Nordic strain.

3. It is the mission of the Germanic Totalitarian State to be, in the present and future, the creative leader in the continuous enhancement of Nordic culture. To this end it should ultimately include in one glorious Nordic state the Nordic elements in the surrounding countries, Austria, Transylvania, Scandinavia and the Low Countries! I have not seen any pronouncement as to what the Nazis expect will be the relation to this Nordic state of the future of the English people in whom admittedly there is a very strong Nordic element, or, for that matter, of the Northern French.

This doctrine of the supremacy of the noble Aryan or Nordic race was first promulgated by Count Gobineau, a Norman Frenchman, in his book *On the Inequality of Races*. It was made the central thesis of H. S. Chamberlain's *Foundations of the Nineteenth Century*. Chamberlain was a Germanized Englishman who married Richard Wagner's daughter and seems to have been inspired by Wagner's music dramas of the Teutonic deities. Chamberlain held that the classical Greeks, Jesus, and all the creative leaders of the Renaissance and Reformation, as well as of later times, were Nordics. Nietzsche's supermen were also Aryans. As anthropology this doctrine is mythology. All Western peoples are mixed races in the biological sense. There doubtless developed, under different climatic conditions, in the dim beginnings of humanity a variety of biological race-types—the White, the Mongoloid, the Negroid and the Negritic. When and how these differentiations arose we do not know, nor whether they arose from one primitive human stock (monogenism) or were originally different (polygenism). It is plausibly supposed that the white race originated in South Russia, the Ukraine, but all this is conjecture. Among the early white stocks it is customary to distinguish the Nordic, Alpine, Mediterranean (perhaps Libyan) and Semitic. But there is evidence that even in prehistoric times, perhaps in the Neolithic period, there was much intermingling. Remains of the culture of an early civilization, with painted pottery and sun worship that extended from India and Persia to the Hebrides, have been found. The concept

of biological "race" is useless in its application to the white peoples at present. What determines differences are *systems of culture* (languages, social traditions and customs, political, legal, technological, religious and moral ideas).

According to the Nazi doctrine, there are no objective or universally valid sciences. All sciences, as well as all arts, are instrumental to the fulfilment of the destiny of the noble Nordics. This is pragmatic racialism with a vengeance, in view of the fact that the evidence of scientific anthropology and historical ethnology do not support the contention that there is any such thing as a pure race in Western Europe, not even in Germany.

#### 8. RELIGION AND ART

Religion too must be coördinated in the Totalitarian State. Christianity in its pure form is universalistic, humanitarian, and pacifistic. It does not recognize any racial superiority, nor does it glorify war as an expression of moral heroism and an instrument of human progress. Consequently, Christianity, whether in its Protestant or its Catholic form, can be permitted to exist in the Nazi State, *only in so far as it abandons its universalistic humanitarian and equalitarian features*. Consequently, a bitter struggle is going on between the Nazis and the adherents of Protestantism and Catholicism who would preserve the integrity of their Christianity.

Many of the Nazis are advocates of a new religion—a pagan religion which will be the revival and extension of the naturistic religion of the primitive Teutonic tribes, with Wotan or Odin the storm god and god of battles as the chief deity. The advocates of this religion of nature are fond of drawing inspiration from the *Niebelungen Lied* and the *Volsunga Saga*. Consequently they take great delight in Richard Wagner's dramas of the *Ring of the Niebelungs*. They seem to forget that the ring cycle ends with the *Twilight of the Gods* and after that comes *Parsifal*, or perhaps they hold with Nietzsche that *Parsifal* is the expression of Wagner's degeneration and apostasy. Even art is Nazified. Goebbels, Minister of Propaganda, has forbidden any criticism of National Social Art. Writers on Art are limited to descriptions



of German art. Goebbels said: "Never has a period had greater artistic problems to solve. The artist must master them. They are now all bound to the State and devoted to its ideals. They no longer live apart. The State is the source of their livelihood.

"I speak in the name of all artists when I express in profound awe our burning gratitude to the *Führer*."

Every "art and editorial worker" must have a special permit from the Reich Cultural Chamber and from the Reich Press Chamber, must be thirty years old, and must have undergone certain previous training.<sup>9</sup>

Nazi "philosophers" (?) are fond of appealing to Hegel as the first great formulator of the philosophy of the Totalitarian State. But he held that in *Art, Religion and Philosophy the human mind goes beyond the State and finds a realization of those higher spiritual impulses which no mere social institution can provide*. Nazism is totalitarian with a vengeance. It will kill spiritual creativity.

## 9. CAUSES OF NAZI SUCCESS

Many critics of the Nazi movement in the free countries of the West seem to ignore, or at least not to duly evaluate, certain factors in German life making for it, so that one might argue that it filled a long-felt want.

1. Civil and political liberty had never existed in Germany in the same sense as in Great Britain, France and the United States. The fact is that Germans have never, in recent times, had "freedom" as we understand it. Consequently, under the terrific stress and strain of the post-war period, culminating in the financial collapse, the Weimar Constitution was doomed. Then they did get a very democratic constitution, but they did not know how to work it under such heavy handicaps. Party government meant in Germany, as in Italy and Spain, not two or three parties but anywhere from six to a dozen.

2. *The most urgent need was for unity of action. The Nazis supplied this need.* They preached and worked incessantly (by fair means and foul) for solidarity and vigor in action, to get

<sup>9</sup> *New York Times*, Nov. 28, 1936.

Germans to pull together, to suppress their differences, to act and to reaffirm Germany's parity with other great nations. The French policy, under Poincaré, of keeping Germany weak was a blunder. The Nazis achieved a unified policy of subjecting or "coördinating" private enterprise, as well as labor, to national ends—to reduce unemployment, to attain as great economic self-sufficiency as possible, to rearm, to reject the Versailles Treaty, to reoccupy the Ruhr with military forces—thus to restore the economic life of Germany and the national self-respect of the German people. That this movement was accompanied by an intense anti-Semitism, a violent anti-Russianism and an equally violent and ruthless assault on all forms of spiritual and political liberty is very unfortunate. But it is clear that most Germans did not want Communism (Communism was made a bogey by the Nazis); that many of them were anti-Semitic in temper; and that those Germans who had strong liberal-democratic convictions were either too few or too cowardly and meek, or their leaders lacking in the vigor and quickness necessary to put up a stiff resistance in time. It must be said, at least, that most Germans have gotten, in the Nazi régime, either what they positively wanted or at least did not strongly not want. An American who has lived and traveled in Germany for some time estimates that the great majority of Germans under thirty-five are ardent Nazis, that those between thirty-five and forty-five are more or less critical, that those over forty-five are hostile, but powerless! My own impression is that the large majority at present either actively support, or passively acquiesce in, the Nazi Government. It is almost impossible to get frank expressions of opinions from any but active Nazis. *One feels the presence of fear of espionage more in Germany than in Russia.*

#### 10. AN APPRAISAL OF NAZISM

The Nazis have achieved the unification of Germany, a vigorous redirection of its economic life, the restoration of Germanic pride, the revival of militarism, and the spirit of aggressive racialism. They have, for the time being at least, increased employment by extensive public works, labor camps and an enormous pro-

gram of rearming. They are striving for the time when they shall move to absorb Austria and Czechoslovakia and dominate the Danubian lands; they are striving, with might and main, to make Germany as self-sufficient as possible. But at what a cost? Spiritual as well as political liberty has been destroyed. The free intellectual life of Germany is dying. Many university posts are being filled with men whose most important qualifications are that they are Nazis or pretend to be such. Literature and art are being Nazified. Many of Germany's distinguished authors and artists, as well as many of her greatest scientists and scholars, are in exile. The Nazis are trying to subdue ("co-ordinate") the Christian religion. Indeed the Nazi doctrine that might (if it be German) makes right—that the weak should succumb to the strong—is fundamentally incompatible with the gospel of Christ, as with all decent and civilized ethics. The Nazis are thoroughly Machiavellian and Nietzschean although it is not fair to find in Nietzsche the source of Nazi doctrine. For Nietzsche meant his supermen to be superior in intellectual and esthetic qualities. The true Nazi despises the upright intellect. He values the intellect only as the pliant tool of Force. The only God he recognizes is the mystic *People's Soul of the Great Germanic Race*. Any means to serve this God and bring the weaker peoples of the earth under subjection to Him are justified. He rejects any objective standards of truth. His only Logic is the logic of force. For him nothing succeeds like success and the fittest are those who survive in the struggle. The subjoined excerpts from the official creed of the Hitler youth show plainly how the National Social Youth are trained up in the way they should go:

All that I am I owe to my ancestors. I am the carrier of the heritage of my ancestors, both physically and spiritually.... We believe in ourselves as the fated link in the eternal chain of generations, for I am what I am through my ancestors and my descendants will be thus also. We believe in God as the eternal manifestation of Force and Life, on the earth and in the universe.... The idea of God is natural for the Germanic man.... Our concept of God and Eternity has nothing in common with the tenets of any confession or any religious philosophy. We believe in the eternity of the German nation and in eternal Germany, because we believe in the eternity of Force

and Life. We believe in the correctness of the National Socialist concept of life. We believe in the righteousness of our goals. We believe in Adolf Hitler, our great leader.

In short God is a pantheistic Life Force, Germany its highest incarnation and Hitler its chief prophet. It is Teutonic Islamism with a vengeance; only its Allah is not the Merciful and Compassionate, but Wotan, God of Battles.

To one who has drunk deeply at the wells of German thought in Kant, Hegel, and Goethe, the spectacle of Germany's spiritual decline under the Nazis is very painful. Here is a great people—a classic land of *Dichter und Denker*; an industrious, ingenious, well-schooled people, a people famous for its universities and its scholarship; later famous for its success in applied, as well as in pure, science, and its organization of industry. This people is now ruled by moral barbarians who contumeliously reject all that is precious in the Western cultural heritage—the Greek ideal of rational balance and harmony, and the Christian *Ethos* of love and pity. They trample underfoot all civil and spiritual freedom, despise the spirit of reason and objective science as well as Christian love, worship only the unprincipled impulse for power; reject the humanitarian as well as the democratic concepts; proclaim themselves the leaders and rulers of the God-chosen Nordic race. They exemplify the base interpretation of Nietzsche's will-to-power. It is not rational will but blind ruthless instinct that they put in the supreme place. But they call it "Spirit" (*Geist*)! Their Gods are the heathen Gods *Wotan* and the *Niebelungen* warriors. They contrast, in their ignorance, Greek intuition with Jewish intellectualism. The real founders of intellectualism, of the rule of Reason over blind Instinct, Impulse, and Passion, were the Greeks. What could be sillier than to talk about Einstein's theory as a "Jewish" sophism; or to talk about logical and scientific thinking as the expression of a special race; *arteignes Denken*, a Nazi philosopher calls it; to talk about Germanic or Aryan physics, logic, and mathematics! Genuine thinking, like genuine morality, knows no nationality or social boundaries.

On the surface all is smooth and orderly. There are no public manifestations of ruthlessness except the official display of *Der*

*Stuermer* and *Der Hakenkreuz*. Unemployment has been greatly reduced, although the standard of living for the hand workers is lower. The great concrete highways are about finished. The unemployment in Germany has been greatly reduced by the expenditure on rearmament of enormous sums of capital forced from the people's savings; in other words, by borrowing for the purposes of destruction.

But, try to talk to an intelligent and informed person of mature age in Germany to-day and one meets with embarrassment, with evasion and anxiety. The most one can get from them is: "Everything is changing here, we do not know what is coming." Talk to booksellers and one finds that the sale of the older serious works in philosophy has gone off. Liberal works in political and social science are banned. Add to this the regimentation of the schools and universities, as well as of the Press and the Church. Add to this the spectacle of professors of philosophy in great universities wearing the uniform of Nazi officers in their classrooms as well as without. Add to all these things the fact that a foreigner is warned not to talk politics in Germany! Not even to speak critically of Italian Fascism.

Of all the post-war national tragedies the German is the greatest.

The rise of Hitler's<sup>1</sup> dictatorship is an even more appalling retrogression than that of Italy. For Germany had had some training in representative self-government. Germany was a great industrial country. Moreover, it was one of the most flourishing homes of science, and scholarship. Pre-war Germany was a leader in practically every field of research, as well as in music. Now the universities have lost their freedom and independence. They, like the Christian Churches, must be "coördinated" with the Nazi doctrines and practices. In the fields of social and historical research and teaching there can be no objectivity. Learning, teaching, and science are prostituted to the Nazi dogmas.

Only in the field of physical science is there any place for objectivity. And even here it must be done by Aryans—to the glory of the Nazi Fatherland. No Jew can occupy a place as teacher or researcher. The work of Einstein and other Jewish physicists is repudiated as false and dishonest. At a recent in-

ternational Congress of Astronomers in Basel the Nazi astronomers attacked Einstein and all other Jews who had done notable work. The Congress was unable to elect a Jew President of the Society without having a secret ballot, owing to the row made by the Germans.

Scientific medicine, the germ theory, and the use of serums are repudiated for Nature-Healing. In place of Christianity is set up the cult of the old Germanic God, Wotan. There is an incessant polemic against intellectualism (which is called Jewish) and for Aryan "intuitionism"—in other words a dethronement of reason and an enthronement of the crudest emotions: especially the emotions engendered by demagogic oratory, mystic symbols, uniformed parades with the bands all blaring and the crowds shouting—an orgy of mob-feeling and action. This condition is an uncomfortable reminder of the press jibes in this country against the "brain-trust" in the national administration and the widespread and unconcealed distrust and contempt for scholars and experts.

It is quite plain that, in our so-called high civilization, intelligence, reasonableness, the sense of even-handed justice and the spirit of tolerance play a minor rôle. Primitive passions of fear, greed and blood-lust are easily aroused—especially in the stress of economic conflict and amidst confusion and disunion in leadership.

## 11. A CRITIQUE OF TOTALITARIAN OR CORPORATIVE PHILOSOPHY

The totalitarian theory of the State has two features of value although misused:

1. The conception of society as a living unity, whose members do not exist as such apart from the whole. The individual, in the true sense, cannot realize his capacities apart from the community life. Individualistic theories of the State regard it as only a compromise or make-shift, the result of a contract made between essentially atomic individuals. The totalitarian theory holds this doctrine to be historically false and actually unworkable; since, making the State a mere compromise between the conflicting interests of atomic individuals, it breeds anarchy.

Coöperation, and, where necessary, sacrifice, is demanded of the individual for the good of the whole.

What the Totalitarian State doctrine overlooks is that man, as ethical personality, is a member of a *plurality* of communities. It swallows up *all* man's societal relations in the political State. This is dangerous and immoral doctrine. As a person, one has many interpersonal relations which the State should normally let alone—family, friendly and spiritual (intellectual, esthetic and religious) associations.

2. Nazis and Fascists are right in insisting that the State is now the most comprehensive and influential instrument for the transmission, protection, and improvement of the Common Ethos. Time was when the Church had this rôle, but that time is gone. Therefore an abstract internationalism or cosmopolitanism, that asserts the equality of all peoples and individuals and denies the cultural rôle of the national state, is false to the facts and harmful in effect. The only way in which an international community of culture can now be built up is through the coöperation and mutual supplementation of one another's achievements and values by the various nation-states. The way to a genuinely fruitful internationalism is through nationality.

But "nationality" and "national culture" are very equivocal terms. What does the Nazi mean when he talks about Germany standing as a bulwark to save Western European culture from being drowned in the overwhelming flood of Bolshevistic Barbarism? I notice that the German panegyrists and apostles never stop to define this "culture." I also notice that they obviously mean the present culture of Nazi Germany, anti-semitic and without civic and spiritual freedom, in which education is used primarily as an instrument of Nazi conditioning and in which, in all subjects of a social-historical character, a professor's tenure of office depends on his giving the proper Nazi coloring to his teaching. A professor must be either a good Nazi, a good hypocrite or a very famous "Aryan" to retain a chair in a German university to-day. Of course, if he teaches Sanskrit or higher mathematics and keeps quiet he may not be disturbed.

It does not follow that, because in the present stage of human history the nation-state is so powerful as an agent of culture, it

is either the highest, richest, or final form of group life. The modern state was preceded by the patriarchal and matriarchal family, the clan (a larger family), the tribe, the city-state, the imperial city-state, the universal church, the feudal and the dynastic states. Moreover, even now, when the individual is so dependent on the national state for nurture and protection, his cultural nurture may be (unless he be very mediocre or sub-normal) drawn from other sources. The Church, which aims in principle to be universal, is still an important source of culture. The best literature and thought are universally human. The spirit of the present writer has been nourished by the literature and thought of Ancient Israel, Greece, India, Rome, Modern Germany, France, and Italy as well as those of Great Britain and the United States. In the deeper things of life one may have more community with a Greek, Hindu, or Chinese sage than with some of his immediate neighbors.

The Nazis exalt to the rank of a Divine Being the *Volksseele*. What is the *Volksseele*? It is simply that form of mass-sensibility and motivity that is engendered by the stresses and strains of the living together of a "people" who have the same language, customs, memories and institutions. It is inherently not necessarily any wiser or better in any sense than the mass sentiments and emotions that rule a family or clan, or a crowd at a football game or prize-fight. It is much more potent both for good and evil than these other forms of mass-soul because it is larger, more pervasive and enduring. The *Volksseele* is simply one form of "mass-soul" or group-spirit. It is to be judged, like others, by its fruits.

The justification of the Nazi doctrine of the National Soul or Life is found in the achievement of unification and rebuilding of a distraught, much-tried and sore-bested people—one suffering from a sense of inferiority and humiliation, of economic distress, of partisan dissension, of the failure of government.

There was a great need for unification of spirit and effort in disunited, distraught, and impoverished Germany where the war punishments and wild inflation were followed by the great depression. The tragic pity of it is that a great people in dire need found patriotic leadership combined with a fanatical racial ob-



session and ruthless brutality. *The need of the hour does not always bring forth the best men.* The suppression of civic and spiritual freedom, the fanatical anti-semitism which takes such a virulent and disgusting form in Julius Streicher's *Stürmer*, the espionage and brutal persecution practised against all—whether Protestant, Catholic, Jew, or Atheist—who do not bow low to the Nazis; such things show how far Germany, in her distressful longings for unity, progress, and prestige, has been led by the spirit of obscurantism, of pathetic ignorance and a pathological contamination. The spirit of moderation, "nothing too much," is not in evidence. The ruthless persecution of the Jews, Communists, and even of moderate liberals, the suppression of intellectual spiritual freedom, must be weighed in the balance against the renewal of unity, energy, and hope in Nazi Germany. The pity is that the patriotic leaders in Germany were so limited and ruthlessly one-sided in their outlook.

Writing of the mania for uniforms which the Fascists have capitalized, Herman Finer wisely says:

For the peaceful and orderly life of a united nation that wishes the continuance of union, the affectation of a uniform to mark off a particular class, especially a governing class, is highly dangerous. Humane men prefer the other extreme, of minimizing differences of pigment and feature in order to preserve the fragile decencies of civilization. The uniform is an awakener of a conceit in its wearer, to which his mind and character do not entitle him. The shirt makes him different only by a shirt, but its wearing, unfortunately, makes him feel not simply different from, but superior to, his fellow citizens. The provocation to passionate opposition by his fellow citizens is reinforced by the assumption of intransigent superiority. Commonwealths have always been securely and happily founded on the removal of outward marks of distinction in their citizens and the active promotion of a uniformity of appearance and manners. Would-be and successful Dictators naturally wish to divide citizens, to perpetuate, and indeed ferment, their hatreds, by providing such marks of distinction as nature herself, here more merciful than man, has omitted.<sup>10</sup>

In this procedure the Fascists and Nazis are thoroughly Machiavellian. The end—namely, the increase of power for Eternal Italy or Holy Germany—justifies any and every means, including wholesale lying and assassination. I think, however, the

<sup>10</sup> Herman Finer, *Mussolini's Italy*, p. 407.

Nazis display the more thoroughness and *Grobheit* (coarseness and rudeness). There is, of course, from their standpoint, no such thing as objectively valid truth in the social and political field (indeed, not even in so-called "pure science"). The true is whatever is expedient, whatever works (very pragmatic). Hence, whatever furthers the power of the state is true and right; whatever tends to weaken the state is false and wrong.

A very important part of the policies of the Fascists and Nazis is, by a completely controlled press and radio broadcasting, to tell their people what to believe and what not to believe. So they concentrate now on one public enemy, and now on another. They swing all the machine guns and big Berthas and poison gases of their propaganda to suit their shifting alignments, and the tragic consequence is that, so far as I could see, the great majority of their publics swallowed everything they were told. This may appear so, because the skeptics are afraid to speak.

When I was in Italy in May, 1936, the great enemy was England—greedy, perfidious, envious Albion. When I was in Germany in June, 1936, the enemies kept foremost in the public mind, by incessant propaganda, were that supposed renegade and betrayer of Western culture, Czechoslovakia, and the "Jewish Bolshevistic Barbarism" of Soviet Russia. I heard a public lecture by a professor in the Great Aula at the University of Munich which was one long and violent assault on Czechoslovakia, a pseudo-nation, for making common cause with Soviet Russia against true *Kultur*, of which Germany is the bulwark of defense. Czechoslovakia was depicted as a mere patchwork created by the iniquitous treaty of Versailles. The Russians were said to have airports and military aviators scattered through Czechoslovakia. I traveled through Czechoslovakia. I saw not the slightest evidence of the presence of Russian aviators. It was generally believed, and I was repeatedly informed, that Russia is run by Jews, that the people were in rags and much underfed, that I was doing a very risky thing in going to such a barbarous country. All of the above current beliefs I found to be ridiculously false. But when later in Scandinavia, after I left Russia, in conversation with intelligent German tourists, I said that the above beliefs were false, they simply refused to believe

me. My point is that the Nazi propaganda bureaus systematically and persistently spread unconscionable lies, which their people swallow. The most terrible danger in the present-day world, the greatest obstacle to the spread of reasonableness, fair play, mutual toleration and peace between social groups, especially between nations, comes from the control of lying and misleading propaganda. Nothing can equal a despotically controlled radio and press to plunge mankind into suspicion, fears, and bloody war against their fellow men. Without a free press and a free radio we revert to mental and spiritual darkness and barbarism.

Thus nationalism, playing upon the herd instinct or group feeling, drowns humane feeling and action, extinguishes the light of reason, prostitutes pure and applied science to the brutal reign of chauvinistic megalomania; and deludes an entire people with the lure of false gods under the specious appeal of an eternal and holy National Soul, generated in a welter of mass emotion. It is simply on an appalling scale the recrudescence of the primitive herd instinct.

But let us not lay the flattering unction to our souls that we are immune from all this crazy "herdism."

## 12. IS FASCISM IMMINENT IN THE UNITED STATES OF AMERICA?

An alarmingly large proportion of our people are indifferent to, perhaps opposed to, toleration, fair play, the preservation of civil liberties. They are easily gulled by press, movie, and radio propagandists into fear and even hatred of all "radicals"; and indeed of any views in politics, economics or religion which are unfamiliar to them and are cleverly played up as injurious to their pockets, their country or their religious prejudices. Suspense of judgment, investigation of novel proposals, even toleration of differing views is painful and difficult to many.

Eternal vigilance is the price of liberty. Those who believe in civil liberties must wage unceasing fight for them.

There is no imminent danger of Communism in this country. The assumption that there is, along with anti-pacifism and a reactionary attitude on the part of many large and small employ-

ers, in the struggle for social justice—all these things are being used to promote Fascism in this country. It already is effective to a large extent. Unless intelligent and moderate liberals can get together on a concerted platform with vigorous leadership, and unless they can get a stronger response than is now evident, we may be in for Fascism—American style. Free speech and assembly will be forcibly repressed. Reasonable freedom of teaching in schools and colleges on economic and social problems will be suppressed. This is the real purpose of teachers' oaths. All pacifistic movements will be suppressed. The bargaining power of union labor will be weakened. The great mass of non-union workmen will have no bargaining power. The farmers will again go into the red. Social security will become about as humane and liberal as the poor-house. The regulation of stock-market and public utilities will be made ineffective. More and more the small enterprises will be swallowed up in the great corporations. More and more we shall become the kept servants of the great financial interests. A dictator, subservient to the Napoleons of finance, will be in the White House.

The above prophecy may not come true. I hope it will not. But if it does it will not last long. After it will come the break-up. And then what?

If we are to go Fascist we must first give up our civil liberties and our mobility; and would we thereby insure integrity and efficiency? Do we want a smoothly running machine in which we all, except the head engineers, are cogs, or do we want to preserve our social and intellectual mobility and initiative? I, for one, choose to preserve the latter values. We need to reconstruct our clumsy, redundant, and anachronistic political institutions; not to abolish their basic, free, mobile, open, democratic character. But what we most need is a resurgence of *honesty* and a *sense of integrity* which means a continuing sense of public or social responsibility all the way from workmen to bankers, entrepreneurs, and high public officials. Let us keep the ultimate court of appeal in the electorate, and emphasize the absolute necessity, in order to avoid both fascistic and communistic dictatorships, of greater integrity and a better spirit of voluntary coöperation.

## CHAPTER IV

### SOCIALISM, A HISTORICAL SKETCH

#### 1. INTRODUCTION

THE TERM SOCIALISM covers a considerable variety of standpoints in regard to social reconstruction. All these standpoints agree that the economic instruments of human well-being should be adequately distributed, so as to afford to all members of society decent means of livelihood. They differ as to the extent of social control, and the methods for attaining the end. Thoroughgoing socialists advocate the common ownership of all the natural resources—land, water power, minerals, and of the public utilities, credit system, and at least the basic industries. Moderate or partial socialists would limit common ownership to the land (the single tax), or natural resources and public utilities, and would regulate the industries; taxing heavily excess profits and large incomes and inheritances. They would provide social security.

Again, as to the methods; there are three chief schools:

1. *The State Socialists* hold that abundant production and equitable distribution can be achieved only through the national ownership and operation of the key industries. This, of course, does not exclude ownership of local utilities, or even localized industries, by municipalities.

2. *The Guild Socialists* hold that, in each major industry, control should be in the hands of the workers, including in this term the brain workers (managers and technicians), as well as the hand workers. Each industry—for example, the railroads, coal-mines, oil producing, steel, and so forth—would be managed by the workers' councils and not conducted bureaucratically as a department of the national state or of any subordinate division of the political government. In other words, each industry would be a guild or corporation. State operation, they

say, would involve a vast, unwieldy and ineffective bureaucracy. The function of the political state in regard to industrial production and distribution would be simply that of coördination. In addition, the national state would regulate money, and control education and foreign relations. Some guild socialists would eliminate the national state, thereby really coming to the third type.

3. *Anarchistic Socialists* hold that any general political rule, based as it must be on force, is evil in its consequences. They would dissolve entirely the national state, and have the workers in each industry, by voluntary coöperation, carry on the business of the industry. The French and Italian Syndicalists and the Russian Anarchists were of this type, the most idealistic, in the sense of impossible, form of Socialism.

## 2. SOCIALISM AND COMMUNISM

The leaders of Soviet Russia hold that Russia is now in the stage of Socialism which is making the transition effective from Capitalism to Communism. What do they mean by this distinction? They mean that thoroughly socialized production and distribution must first be carried on through the power of the State, until all members of society have developed the social attitude. When this stage has been reached, a classless society will have been attained. The police power of the State will then become unnecessary. All will coöperate freely and the State will wither away. Freedom and equity will be achieved and this will be Communism.

Soviet Russia has actually been operating for twenty years under the socialistic or communistic philosophy of Karl Marx, as adapted by Nicholas Lenin. It is a tremendous effort to realize an ethical idea—"from each according to his ability and to each according to his needs." Therefore, I shall devote nearly all of the treatment of Socialism to Marxism and Sovietism. But I shall preface it with a brief summary of Socialist and Communist thought outside of Marxism and Bolshevism.

The defenders of economic individualism often lump together, in their denunciation, Fascism and Communism, and thereby

mislead the unwary. They are very different in their ultimate aims! Superficially they are similar, in that in both only one party is legal, and civil liberties are suppressed to the extent that organized opposition is not permitted. To this extent both limit freedom of speech, publication, and assembly. But there the resemblance ends. The dictatorship in Communism is transitional. It is the dictatorship of the class-conscious minority of the proletariat, to the end that all economic classes shall be abolished and a classless society—free economic and social democracy—shall be established. When this end is achieved, the State will cease to be a repressive force or an instrument of exploitation. The State will wither away. It will become the organization of the whole people controlling the production and distribution of economic and cultural goods on the principle: "from each according to his ability and to each according to his needs." Communism aims, by the equalization of opportunity, at a universal individualism, to be achieved by coöperation. The goal is, in place of special privileged minority classes with great opportunities and the majority eking out bare existence, the opportunity for all members of society to realize their individualities. The individual is not to be swallowed up in the national state or made a mere tool for the increase of its power and glory. The goal is a universal democratic individualism.

### 3. A BRIEF SKETCH OF SOCIALIST HISTORY

Communism—the having things in common, or the public ownership of the means of production and distribution of economic goods for the use of all members according to their respective needs—has been held to be characteristic of primitive societies.

The myth of the Golden Age—the picture of a primitive ideal society, in contrast to the existing society with its back-breaking unrewarded toils, slavery, cruelties, bloody conflicts, and general injustice—included communism. Anthropologists do not agree as to the earliest form of economic association. In the fifth century B.C., the Greeks, keenly aware of the disorders of selfish and corrupting economic individualism, idealized the laws

of Lycurgus, the legendary king of Sparta, who was believed to have restored economic equality. Plato was acutely conscious of the deep disorders, the bitter class conflicts, the increasing corruption and decline of his own country. He idealized the past, he idealized Sparta and set up in his Republic the ideal pattern, "laid up in heaven," of a communistic commonwealth ruled by the wisest and noblest, the most gifted and best educated citizens, the *philosopher-kings* or *king-teachers*. The ruling class should have all things in common and dedicate their lives to the service of the whole state. Plato's Republic is a wholly functional commonweal, directed by the noblest and wisest, aiming at the perfection of the bodies and the souls of its members. Later in his *Laws*, he expressed doubt as to whether community of goods and women had ever existed or ever could. He advocated an approximate equality, by the redistribution of lands and houses. The Stoics, Zeno and his disciples, advocated a world-state, an empire of reason, a universal city of God, in which all men should live in liberty and equality and also with community of goods. This was in accord with *Natural Law*, the *Law of the World-Soul* or Cosmic Reason.

The primitive Christian groups were communistic with regard to the distribution of goods. In the Graeco-Roman world, with its weakening of the ancient bonds of kinship in the city-state and its shiftings and intermingling of peoples, the need for closer fellowship was met by the brotherhoods that sprang up all over the empire. It was in part because of the intimacy and strength of the bonds of fellowship in the early Christian groups, arising from the love of man grounded in the love of God and the love of God manifested in the lives of one's fellows, that the Christian fellowship spread so fast in the empire. It was not long after the Pauline Journeys that a Christian could pass from one end of the empire to the other more rapidly than a Roman official, and without possessing any wealth. The voluntary Communism of the early Christians was a chief cause of the triumph of the gospel.

The greater Christian fathers, for example, Saint Ambrose of Milan and his greater pupil, Saint Augustine, held that the earth and the fruits thereof should be held in common. The Christian



fathers agreed with the Stoics in identifying the *Universal Natural Law*, the *Law of Reason*, with the *Eternal Law of God*. *Natural Rights* are the rights that follow from the *Law of Nature*, or *Divine Law*. This doctrine has had an immense influence in the advance towards universal justice. But the Christian fathers did not advocate the communistic distribution of economic goods in the present world. They held that inequality, injustice, selfishness, social conflict, crime, and the necessity of the political state with its laws, courts, soldiers, and police arose from the *fall of man*. Inequality in the earthly state, painful labor, crime and punishment are the consequences of man's original sin. Therefore, the Christian who holds property will regard himself as a steward, whose duty it is to administer his privately owned goods for the common good. The rich must share their goods with the needy. *Divine Law* and *Natural Law*, which are identical, impose this duty. There continued to be, throughout the ancient and medieval periods of Christendom down to modern times, many individuals and groups who could not reconcile the teachings of Jesus, and the communal fellowship of the first Christian groups, with economic inequality, with the riches and ease indulged in by a few over against the endless labor and penury of the many. The Sects, the Gnostics and the Manichæans—were communistic; outside the pale of Christianity, among the Neo-Pythagoreans and the Neo-Platonists Communism was widespread; Plotinus had a project to found a communistic city. Within the circle of Christian orthodoxy the monasteries were essentially communistic; *Coenobium*, the other name for monastery, is from the Greek *kóinos bíos*, meaning community life.

From the eleventh century to the Protestant Reformation, a period in which the church became corrupted by worldly power and the monasteries by wealth and ease, various reform movements took place within the church, and a number of sects arose aiming at purity and simplicity of life with communistic features. These sects aimed to restore primitive Christianity; they are generally known as Cathari (Greek, *Katharoi*, pure).

Among these may be mentioned the Poor of Lombardy and of Lyons, the Waldenses, Albigenses, Bogumils, Arnoldists and so

forth. The Wycliffites in the English Peasant War and the Taborites in the Hussite Wars in Bohemia preached Communism; as did Thomas Münzer and the German Anabaptists in the German Peasant War, against which Luther was so savage. The Diggers or True Levelers, during the Cromwellian Revolution, were communistic.

The Renaissance brought forth a crop of communistic Utopias, by Thomas More and Francis Bacon in England and Tommaso Campanella in Italy; in France near the beginning of the nineteenth century appeared the Utopias of Morelly, Cabet, and Fourier. Rousseau, although not a Communist, was essentially socialistic in his outlook.

Numerous communistic experiments were made in America in the nineteenth century, especially before the Civil War—such as Brook Farm, the Oneida Community, New Harmony, and Amana. In France, Babeuf, Saint-Simon, Fourier, were active Socialists. In Germany, Kant's affirmation of the ethical principle that every man is to be treated as an end in himself is essentially socialistic. Starting from Kant, Fichte developed an idealistic aristocratic system of Socialism. Ferdinand La Salle, the founder of the German Social Democratic Movement, was a disciple of Fichte. La Salle founded the General German Labor Union in 1863, the first socialistic party. From it sprang the Social Democratic Party, by fusion in 1875 with another socialistic group founded by Karl Liebknecht and August Bebel. Karl Rodbertus was an influential anti-equalitarian Socialist of the type of Plato and Fichte.

A moderate Socialism was found even among the university professors, of whom Adolf Wagner was the most prominent. Notwithstanding the severe repression and persecution under Bismarck and after, the Social Democratic Party grew until it became one of the most powerful parties in the German Empire. The party became revisionist, parliamentarian, evolutionary rather than revolutionary. Edward Bernstein was the leader of the Revisionists. He rejected the necessity of the class war, revolution by violence, and the dictatorship of the proletariat, as well as the materialistic interpretation of history. He was liberal and democratic in his conceptions, and defined socialism

as a movement by parliamentary means toward democratic co-operative production.

In France, Saint-Simon and Fourier powerfully stimulated the development of Socialism. Saint-Simon proposed a planned economy, the regulation and direction of private enterprise by councils of experts, to promote the harmony of the entire society. Fourier advocated the establishment of voluntary coöperative societies (phalansteries). Proudhon was the forerunner of syndicalism. He proposed a national coöperative credit bank, by the aid of which producers would form voluntary coöperative associations. Louis Blanc had similar ideas. J. C. L. Sismondi had already laid his finger on the weakness of individualistic capitalism—exploitation of the workers, technological unemployment and crises resulting from the expansion of productive capacity, without a corresponding expansion of consuming capacity.

In England, the first important Socialist was Robert Owen. The Utilitarian movement held that the *greatest happiness of the greatest number* is the ethical standard for legislation and all public action. But its great leader Bentham was an economic individualist, and even John Stuart Mill, who finally came to see the necessity of social control for equitable distribution, remained an individualist as regards production. Owen was a liberal coöperative Socialist. Like Fourier in France, he emphasized the necessity of *voluntary coöperation* between classes. He pointed out that laissez-faire led to crises, because the consuming power of the workers did not increase proportionally to the increase in production.

The poets Wordsworth, Coleridge, and Southey sympathized with Communism. Thomas Carlyle denounced the "cash nexus" and the evils of economic individualism and proposed an authoritarian ethical socialism; that is, a Fascism. Carlyle inspired the founders of Christian Socialism. J. M. Ludlow, F. D. Maurice and Charles Kingsley, the first Christian Socialists, were Broad Churchmen. The High Churchmen, led by Bishop Gore, afterwards took it up. It spread to the dissenting churches. Many leaders of the Protestant Churches in the United States have been sympathetic with Christian Socialism. Some of the earlier leaders of Social Christianity in American Protestantism were

Washington Gladden, W. P. D. Bliss and Walter Rauschenbush. Prominent leaders at the present are Harry F. Ward, Francis J. McConnell, John Haynes Holmes. The Federal Council of The Churches of Christ in America advocates an advanced social program. A leader among the American Roman Catholics in this field is John A. Ryan.

Carlyle likewise influenced John Ruskin, who in turn had much influence in awakening the minds of generous young Englishmen to the evils of individualistic capitalism. Ruskin began as an art critic, but he always conceived art as an expression of the life of a people. He held that there could be no general deep and lasting welfare in a people in which all other interests and capacities were subjected ruthlessly to the production of goods for profit under a laissez-faire economy. So he became more and more a social economist. He founded the guild of Saint George to promote model farming and village industries, and to reform education. The social conscience of England was also stirred to a keen sense of the miseries that came in the train of the industrial revolution and the Manchester Liberalism, by the novels of Charles Dickens, Benjamin Disraeli (Lord Beaconsfield) and Mrs. Gaskell. Ruskin had a deep influence on William Morris, poet, craftsman, and Socialist. Morris, with H. M. Hyndman, founded the Social Democratic Federation, the first definitely socialistic party in England. Morris seceded from Hyndman because he did not believe in running candidates for Parliament until the movement was further advanced. Morris then founded the Hammersmith Socialist League.<sup>1</sup>

The first radical party in England was the Chartist movement (1830-1848), which demanded manhood suffrage, annual Parliaments, vote by ballot, no property qualifications for membership in the House of Commons, payment of members, equal electoral districts and numerous social and economic reforms. The movement collapsed with the failure of the National Demonstration and Petition in 1848.

In 1883 was founded the English Fabian Society which, originating as an ethical society among young London intelligentsia,

<sup>1</sup> In 1896, and shortly before his death, I heard Morris. About the same time, I first heard George Bernard Shaw and visited the Fabian Society.

turned into an organization to promote Socialism by permeating existing political and municipal bodies. The Fabians rejected the Marxian dogmas of the class war, revolution, and the dictatorship of the proletariat. The leaders of the Fabian Society were Sidney and Beatrice Webb, Graham Wallas, Sidney Olivier, George Bernard Shaw, Annie Besant, H. G. Wells and Edward R. Pease. The *Fabian Essays*, first published in 1890, have been very influential in the spreading of socialistic thought. The Fabians have had a considerable influence on legislation and administration in Great Britain, especially in London. The British Labor Party is Fabian in attitude. The British Independent Labor Party was founded in 1893 by Keir Hardie and is now one of the strongest socialistic labor parties outside of Russia.

Guild Socialists, led by S. G. Hobson, G. D. H. Cole, A. J. Penty, A. R. Orage, J. L. Hammond, have produced considerable literature and have had a good deal of influence in shaping the policies of the Socialists in the Labor Party.

In Australia and New Zealand there are strong labor parties with socialistic leanings.

#### 4. SOCIALIST AND COMMUNIST PARTIES

In the *Communist Manifesto* of 1847, Marx and Engels were definitely communistic and revolutionary and working class or proletarian, whereas, as Engels later put it, Socialism was bourgeois and respectable. Communism was also anti-religious, scientific, deterministic, and materialistic. "Religion is the opiate of the people" (Marx). Marx held that he had discovered in "dialectical materialism" the law of the evolution of human history, just as Darwin had discovered in "natural selection" the law of the evolution of biological species. Marx thus claims to be the Darwin of human society. From his law it follows, as the night the day, that the dictatorship of the proletariat in the class struggle is the inevitable and the only way to end the class war, by bringing to pass a classless society. Human nature is continually being refashioned in history by economic forces and the system of legal and political relations and ideologies which these forces produce. With a materialistic Socialism already in being in Ger-

many, France, and other countries, the stage was set for conflicts between the rigid dogmatic Marxism and the other types. The Social Democratic Party was coming into being in Germany, from La Salle's Labor Union. Liebknecht and Bebel had founded another socialist group which was strongly anti-Prussian and comprehensively German. These two parties fused in 1875 into a powerful party. From 1880 on, socialist parties in France, Italy, Austria, Hungary, Switzerland, Holland, Belgium, Scandinavia, the Balkans, and Russia arose and increased to include most industrial workers.

The first *Socialist International* was founded in 1864 by Marx. The *Second International* was organized in 1889. It included all of the above socialist parties. It split up in 1914 when the German Social Democratic Party, its largest constituent, supported the war, and the French, English, and Belgian Socialists supported the *Entente*. All Socialists in the second International were in agreement in regard to matters of practical social legislation; the eight-hour day, better working conditions, higher wages, universal suffrage, democratic representative assemblies. They were republican in spirit. They agreed in opposing nationalistic imperialism and militarism. The right wing of the Socialists was composed of the Revisionists, who would revise the Marxian doctrine of the class war, revolution and the dictatorship of the proletariat. They were ready for compromise with the liberal democratic parties, to get practical social gains for the working class within the framework of the existing political institutions. Like the English Fabians, their policies were gradualistic and reformatory rather than revolutionary. In this way they made important gains in France, Switzerland, and Scandinavia. The conflict between the radical and intransigent Marxians and the reformist groups led to splits in the National Socialist parties. In Germany the Rosa Luxembourg group were the leftists. In Russia occurred the most fateful split. The Bolsheviks (majority group), under Lenin, stood for the development of a highly trained small band of professional revolutionists who would, as a socialist oligarchy, lead the industrial workers and peasants in the revolt against Czarism. The Mensheviks (minority group) stood for democratic organization and

methods. The victory of the Bolsheviks was most momentous. By the revolution of October 1917, the Mensheviks were wiped out. The Second International was revived in 1923, under the name of *The Labor and Socialist International*, with its headquarters at Zürich. This International is composed of the Socialist parties who reject the peculiar dogmas of Marxism. They aim at reforms within the structure of existing capitalist society, by democratic methods. They cooperate with bourgeois parties and accept the desirability of gradual transition to a collectivistic society. There is also an International Federation of Trade Unions.

The *Third International*, under Bolshevik domination, has its headquarters in Moscow. It stands for the dogmas of Marxism and the necessity of working with bourgeois Liberalism against Fascism.

In Italy the Socialist party had opposed the war. After the war, it joined the Third International, but the majority of its members withdrew. Socialism and Communism have been wiped out by the Fascists.

In France and in Spain, the *Syndicalists* opposed compromise and political action and favored direct-action sabotage and strike. "Syndicalism fights against the expanding importance of politicians and regards the trade unions as the real basis of the future society. It is a radical anti-militaristic and anti-patriotic movement." (Oscar Jaszi.)<sup>2</sup> In France, the Socialists have the majority of the workers. In Spain, Socialism is weakened as a political power, by the widespread sympathy of the Spanish proletariat with the Syndicalists. In Scandinavia, Belgium, Holland, Switzerland and Czechoslovakia, the Socialist parties are strong. In Austria, it was in control in Vienna from 1918 to 1934. In February 1934 the Austrian Socialist party was suppressed.

Mexico is controlled by an independent Socialist party. Argentina has a considerable Socialist party and it is sporadically active in the other South and Central American countries. In Asia, there is a strong Socialist party in Japan. There are socialist movements in China and India.

In the United States, the first radical party was the Working Men's Party, started in Philadelphia in 1828. Similar parties

<sup>2</sup> *Encyclopedia of the Social Sciences*, Vol. 14, p. 206.

grew up in the other Northern states. They aimed at a lower middle class type of economic society. The party perished through internal dissensions. The next era of radical parties came after the Civil War, beginning with the *National Reform Party* created in 1872 by the National Labor Union. Through the 1880's and afterwards, various radical parties arose but could not get together. Chief of these were The Knights of Labor, The Socialists, The Populists, and The American Federation of Labor. A Socialist *Labor* party was formed. It was split up by the Socialist and the Communist parties. The intellectual leaders in American Socialism were Daniel De Leon a Marxian, and Morris Hillquit a Revisionist. As illustrative of the varying strength of radical parties in the United States, the following votes for President are given: In 1924, R. M. LaFollette, candidate on the United Independent Progressive and Socialist Ticket, polled 4,822,856; by far the largest radical vote ever recorded. In 1932, Norman Thomas, the Socialist candidate, polled only 884,781 votes; Foster, the Communist candidate, 102,991; and Reynolds, Socialist Labor candidate, 32,276. The non-Partisan and Farmer-labor parties have had successes in North Dakota and Minnesota, the Progressives in Wisconsin. In 1936, the Socialist and Communist votes both shrank, the Communists to negligible proportions. It is probable that many socialists voted for F. D. Roosevelt on the principle, "a half-loaf is better than no bread."

It seems obvious that, for some time at least, the only radical party that would have a chance of cutting a figure in the United States, even as only holding the balance of power, would be a mildly socialistic or progressive party. If the Democratic party continues to follow Mr. Roosevelt and he should go somewhat to the leftward and conditions should continue to improve, it is probable a third party would not be in the running. A great war in the old world or another serious depression would drive people leftward more radically and a socialistic party might succeed. At the time of writing the rank and file of the American people still seem to wish to hold on to a modified and somewhat controlled individualism. They do not know what they want and nearly all are waiting to see which way the cat will jump. If



prosperity returns, they will go rightward; if not, they will go leftward. But how fast they will move in a body no one knows. Americans are bred-in-the-bone individualists. At present the majority of them seem to favor a semi-Socialism, even though not called that.

## CHAPTER V

### THE SOCIAL PHILOSOPHY OF KARL MARX

THE TERM COMMUNISM was appropriated by Karl Marx for his theory of socialist policy and program of social revolution from the revolutionists of the Paris Commune. It was first used in the *Communist Manifesto* of Marx and Engels published in 1848, and which became the creed of the International Socialist Organizations. In the *Manifesto* occurs the following passage: "The history of all hitherto existing society is the history of class struggle. Freeman and slave, patrician and plebeian, lord and serf, guildman and journeyman, in a word, oppressor and oppressed, have stood in constant antagonism to one another and carried on an uninterrupted warfare, now secret, now open, which has in every case ended, either in the revolutionary reconstruction of society at large or in the common ruin of the contending classes." The *Manifesto* calls upon the workers of the world to unite to seize and control the chief productive industries and the instruments of distribution and operate them for the good of all. Marx composed a large body of writings, the chief of which is *Das Kapital* in four volumes, of which three have been published in an English translation.

Marx's social philosophy furnished the guiding principles of European Socialism. It was modified in Germany by Edward Bernstein into the gradualistic parliamentary socialist movement, in place of Marx's revolutionary gospel for the establishment of a classless society by the seizure of the reins of political power by the proletariat, the propertyless wage workers, and the "dictatorship" or rule of the class-conscious proletariat. The goal is a classless society in which the class war has been eliminated.

Orthodox political economists in England and America paid very little attention to Marx. His writings were treated mostly with silent contempt. Now that Russia, under the leadership of

the Marxians Lenin and Stalin, has established the first great Communistic State, Marx's name has become one of conjuration and objurgation, the greatest and most execrated name in nineteenth-century thought—a thinker who ranks with Hegel and Darwin in influence.

No intelligent person can afford to neglect the Marxian philosophy. The present account is but a bare outline, for the purpose of critical examination. I shall first state the principles of Marxian social philosophy and then outline its application in the Soviet State.

Marxian social philosophy, it seems to me, rests chiefly on nine propositions. The first four are *factual* propositions which claim to sum up the significance of the actual historical development of Western civilization; and the fifth is a *moral judgment of value* passed upon this development and involving an ideal of *what ought to be* and is not yet; a statement of faith which, taken together with the other four, supplies the basis for a revolutionary program of social reconstruction. From the first five propositions follow the next four revolutionary proposals.

These propositions are as follows:

1. Historical materialism—the whole structure and the chief forms of any system of social culture are determined by the system of productive, economic relations in force in that society. The system of producing goods determines the shapes and directions of all the other main features of a social order. The social dialectic or conflict always arises from the contradiction between the *legally established system of property relations* in vogue in a historical type of economic organization, and the new *forces* of economic production and distribution that come into being and demand a new system of economic or property relations. For example; the feudal system of regulation of land tenure, with its social obligations, and the guild system of industrial production, were in contradiction with the rapidly expanding forces of industrial and business enterprise that ushered in the modern era.

The medieval system of property relations was transformed to give freedom to individual enterprise. Modern Capitalism, with its *laissez-faire* principle, freedom of enterprise, and its profits, interest, and rent, came into being. Then, just as individu-

alistic capitalism was getting into full swing, came the *Industrial Revolution*. Machine production, with increasing concentration of control tending toward monopoly, more and more narrowed the field of individual ownership and enterprise. The industrial proletariat is increased. The growth of mass-production, with increasing concentration of control, is in conflict both with free competition and the extension of the capacity to consume. We are in the last phase of the dialectic process.

This theory of dialectical historical development is called dialectical materialism, because it is held that the conflict between the inherited economic system and the new economic forces of production determines the course of social development. But it is not mechanistic materialism. Marx did not hold that the human spirit is the mere pawn of the motions of the mass particles. He admits that man has the power to alter or accelerate the direction of economic change. He does hold that the economic system in effect determines the character of the social, political and intellectual life in general. Ideologies are by-products of economic relations. Some later Communists, especially Lenin, have explicitly rejected mechanistic materialism as an ultimate philosophy. Of course, it would be highly inconsistent to assume that whatever happens in human society is absolutely and solely the product of the blind movements of mass particles, and at the same time formulate and propagate a philosophy calling upon the workers of the world to unite to establish a classless society by their coöperative efforts, and sacrifices. If mechanistic materialism be true all social philosophers are just so much balderdash.

The power of man to produce social change by his own activity is called by Marxians the *transformation of quantity into quality*. *The classless society will be a qualitatively different one, made so by man's active manipulation of the quantity of material goods*. The term "historical materialism" means that the changes in social systems are due to social causes. And the primary social causes are the conflicts between the existing traditional system of property relations and the new economic forces which demand a new system of property relations.

Engels says: "The political, legal, philosophical, literary, and

artistic development rest on the economic system. But they all react upon one another and upon the economic base. It is not the case that the economic situation is the sole action caused and everything else is merely a passive effect. Rather is there a reciprocity within a field of economic necessity which in the last instance always asserts itself."<sup>1</sup> Dialectical materialism must not be confused with metaphysical materialism. From the latter standpoint man in history has no autonomy. He and all his works are mere by-products of the blind and insensate movements of mass-particles. For dialectical materialism the laws of history and human action are hyperphysical. Human action is determinately caused, but it is not caused solely by physical forces. It is caused by the interaction between human desires and the social environment. Human society is a unique *emergent*, which arises on an animal basis, just as the animal world arises on a physical basis. But man in society has the power of self-determination. Dialectic materialism is a genuinely evolutionary philosophy, very similar to the theory of Emergent Evolution of S. Alexander and others.

2. All genuine economic value of goods is the result of socially necessary labor force, of the amount of the energy of the laborer into the time.

3. Under the system of private ownership (Capitalism) of the means of production the *owner of the plant filches from the workmen the surplus value of the product*; that is, all the value beyond that which is necessary to keep the workers barely alive. Rent, interest and profits are the forms in which labor is exploited; through the private ownership of lands, minerals, credit and industrial plants.

4. Therefore, under capitalistic production, there is incessant class war between the capitalists and the proletarians. In modern society the *bourgeoisie* or middle class has assumed the chief rôle. Economic society consists of two groups—the minority, the "haves"; and the majority, the "have nots." The latter class is fast increasing in relative numbers and the former decreasing.

<sup>1</sup>Sidney Hook, "Materialism," *Encyclopædia of the Social Sciences*, Vol. 10, p. 217. (By permission of The Macmillan Company, publishers.) See also J. F. Hecker, *Moscow Dialogues*.

Control of economic wealth is being concentrated into fewer and fewer hands, through the merging of industries and financial institutions. This process will go on until the economic life will be in the hands of a few great industrial and banking trusts.

5. *Every human being ought to have the means necessary to lead a full life, to realize and express his personality.* Every individual is entitled to the means to live in all the aspects that make a being truly human.

6. *The State is an instrument of power.* Under the capitalistic system, the power is used to keep the workers in a state of bare existence. The State's judicial and police powers are used primarily to protect and insure the perpetuity of private ownership and use of land, plants and credits. Labor is always the unequal party to a bargain. The courts issue injunctions against strikes; the police power is used against strikers and to prevent unionization, except in company unions dominated by the owners.

The private owners never have relinquished, and never will voluntarily relinquish, political power. The political power is the instrument by which they keep economic power. When necessary, they buy legislation and influence the judiciary and the administration.

7. Therefore, the only way in which the workers can raise their level of being is to seize the power of the State, and use it to gain control of the land, the industrial plants, the credit system and every auxiliary instrument of economic welfare.

In the *Communist Manifesto*, Marx and Engels say:

The state is the organ of class domination. It is the organization of violence for the suppression of some class. A democratic republic is the best form of the state for the proletariat under capitalism. But wage slavery is the lot of the people even in the most democratic bourgeois republic.

In depicting the most general phases of the development of the proletariat, we traced the more or less veiled civil war raging within existing society, up to the point where that war breaks out into open revolution, and where the violent overthrow of the bourgeoisie lays the foundation for the sway of the proletariat.

We have seen that the first step in the revolution by the working class is to raise the proletariat to the position of ruling class, to establish democracy. The proletariat will use its political

supremacy to take by degrees all capital from the bourgeoisie, to centralize all instruments of production in the hand of the State; which now means the proletariat organized as the ruling class; and to increase the total productive forces as rapidly as possible.

In the course of its development the working class will replace the old bourgeois society by an association which excludes classes and their antagonism, and there will no longer be any real political power; for political power is precisely the first expression of the class antagonism that exists within the bourgeois society. \*

Marx, in *The Poverty of Philosophy*, says: "*the state under Communism is the proletariat organized as the working class. The proletariat must suppress the exploiting class, for example, the bourgeoisie.*"

Lenin says:

Petty bourgeois democrats, socialists often think the minority will peacefully submit to the majority. They will not. Therefore, the existing state machinery must be shattered for them. Bureaucracy and the standing army are characteristic of the bourgeois state—a "parasite" born of the internal antagonisms which tear society asunder. *When there is freedom there will be no state.* The expropriation of capitalists will result in a gigantic development of the productive forces of human society.

The state is a special organization of force; it is the organization of violence for the suppression of some class. In the transition to the communistic classless society, the state is the organization of violence for the suppression of the capitalistic class.<sup>2</sup>

8. The only way in which this desirable end can be achieved is by the common ownership of the means of production. When this end is achieved, class conflict will cease. The State will cease to be an instrument of exploitation, and will be the set of administrative instruments of the common weal, in a classless society, in which all shall work and receive the means of support on the principle: "from each according to his ability, to each according to his needs."

9. Under machine production in capitalistic society, the concentration of control into fewer hands is bound to go on in-

<sup>2</sup> Nikolai Lenin, *The State and Revolution*.

creasing while at the same time the dependence and misery of the working class increases, until all the chief economic instruments of production are in the hands of a few vast syndicates; and the next inevitable step is complete socialization. The coming of communism is as inevitable as the course of the stars. The communist is simply working to hasten a little the unescapable destiny of capitalism. Like the true Calvinist or Islamite he is working with the predestined order of events.

Let us examine these propositions:

1. Marx began his thinking on social questions as a disciple of Hegel. Hegel had formulated a most comprehensive and impressive philosophy of history. According to Hegel, every epoch or principal period in the history of social culture is a unity. Its political, economic, general social-moral, esthetic, intellectual and religious features are phases or aspects of a living totality. Through them all there runs a coherent structure. Each principal epoch develops to an extreme limit its leading idea, and then breeds its opposite or *antithesis*. A struggle goes on constantly. The contradictory principles are united in a higher unity, the *synthesis*, and this synthesis again is pushed to an extreme and a new conflict arises. Not to go further back than ancient Greece, Athens discovered and proclaimed a limited democracy. Some men, namely all the citizens, are free. Thus, Athens discovered the principle of a limited *Individuality and freedom*. Greek democracies, pushing the principle of free individuality to the limit of particularistic egoism, destroyed the organic unity of the city-state. Rome arose and proclaimed the principle of the universality of personality. The individual is a person as a citizen of a universal empire. But Rome did not admit that the individual as a spiritual being is free—only as a citizen. Christianity, which arose in the Roman Empire, proclaimed the universal unity of the particular individual with the Universal Spirit, in its doctrine of the God-man. The Germanic peoples first realized this principle in the social-political order. All men are free as persons; but to be a person is to be a member of the State, which is the all-inclusive unity that protects and nourishes the family, the civic community, the church, and culture. The State is an unreal abstraction apart from its members. The



individual is not a person unless he functions coöperatively as a member of the State.

This is, in brief, the Hegelian dialectic of history and concept of the State. Marx accepts the dialectic of history and the organic unity of each epoch of culture. He rejects Hegel's theory that the ideal factors, such as ethical and legal concepts of the relation of man to man, and religious concepts of the relation of man to God, are the moving principles. As he himself said, the Hegelian philosophy of history was standing on its head, and must be stood on its feet. *The key to the dialectic process is economic.* What determines the main features of a culture is its *system of productive relations*. The law, the morality, the religion, the art, and even the science of an epoch—all its ideologies—are dependent on the system of economic production.

Both Hegel and Marx are social determinists. In Hegel the dialectic process is a total or integrated social-cultural process, a living superorganic unity which includes individuals and special groups as cells and organs in it. Even great individuals, world-historical personalities, are mere pawns in the dialectic game of struggle-within-itself, by which the Absolute Idea moves majestically and irresistibly through history by thesis-antithesis-synthesis; and, in this eternal process of self-alienation and self-return, is realizing itself in and through all the passions and the struggles of humanity. The cunning of the World-Reason, the World-Spirit, deludes individual men and groups into thinking that they are playing the leading rôles in the tragic drama which is history; whereas the World-Spirit is using them, with all their passions, energies, and ambitions, as organs for its own self-fulfilment. Individual and group self-fulfilment come only as they recognize that their true being consists in being entirely willing organs of the Absolute Spirit. Hegel says that history is the progressive realization of the consciousness of freedom on the part of men. But freedom for him consists entirely in the harmony of the individual with the *social ethos* or national will and the willing acceptance of the social ethos as the expression, at this time here in this specific culture, of the Absolute Spirit. Hegel's philosophy of history is a thorough-going dialectical predestinarianism.

For Marx the dialectical process is equally a socially determined process. The individual is the creature of the social system and the system evolves by its own inherent logic of struggle. But, in place of the Absolute Spirit of Hegel within which all historical process occurs, and which is the real main-spring and directing principle of all progress, Marx puts the driving logic of the system of economic productive relations, which means the class struggle.

In Hegel the end of the process would be the completely rational synthesis of individuality and sociality by the individual living in perfect harmony with the social ethos of the State. Hegel thought the Germanic peoples were already entering upon the final stage when the dialectic would cease from struggling. But why Hegel thought the dialectic should cease he never explained. My explanation is that he was aging and tired and had become the Prussian philosophical oracle.

For Marx, on the contrary, the end of the dialectic process would be the classless socialist commonwealth, in which each would work according to his ability for the Common Good, and receive according to his need; there would be plenty of everything for every one, and all would be healthy, happy, and harmonious. *This is the communist millennial myth.* (Compare Herbert Spencer, who argued that if men would only cease to interfere with the operation of his Divine Providence—the law of evolution from the homogeneous to the heterogeneous by concomitant processes of differentiation and integration—by the blessed automatism of this Divine Law there would come to pass a perfect equilibrium between egoistic and altruistic impulses and society would become a perpetual garden party.)

Neither Marx nor Hegel deny biological determinism, that the individual's behavior is conditioned by the admixture of genes in the chromosomes. They deny only that biotic heredity is the preponderating determinant of behavior. They hold that individuals, whatever be their innate variations in power, are determined by the social culture complex, the ethos.<sup>a</sup> They do not deny the influence of climate and physical environment, but would maintain that the relative rôle of the physical environ-

<sup>a</sup> Compare Chapter XVII.

ment is a diminishing determinant with the increase in the social heritage of culture. Such a rôle as Ellsworth Huntington gives to physical conditions they would deny, and rightly. I have taught in New York State, Ohio, and California; the cultures of these states do not greatly differ, although the climates and physical environments are different.

Nor does either Hegel or Marx lay stress on racial determinism; such as one finds in Gobineau, H. S. Chamberlain (Hegel and his predecessor Fichte with his doctrine of the Germans as a people with an absolutely original culture [*Urvolk*] have a trace of racial determinism). Moreover, while both Hegel and Marx find the key to historical change in social dialectic or struggle, their views are not to be confounded with the pseudo-Darwinian interpretation of the struggle of existence which rules out mutual aid and coöperation between individuals and groups, as factors in the improvement of the human lot. Nietzsche as usually interpreted, Bernhardt, J. A. Cramb, Treitschke, Hitler, Mussolini, and a host of others regard actual war as a beneficent instrument for producing a higher type of human being; whereas the fact is that the scourge of war, like natural catastrophes, falls indifferently on the stupid and the wise. War actually tends to the suppression and extinction of the finer and more creative intellectual, esthetic, and moral qualities.

Nor is the Hegelian or Marxian dialectic to be confused with the doctrines of Gumplowicz and Ratzenhofer, who find in the struggle between racial and other social groups the clue to historical evolution. The basic social struggle for both Hegel and Marx is the struggle of social cultures.

Marx has no trace of racial determinism. All his determinism is economic. Hegel and Marx agree in two theses. The first is that the total culture of an epoch is a unity which molds the attitudes of its individual members and its lesser groups. All the phases of culture—social relations, morals, law, religion, science, philosophy, and even art—are expressions of the Total Spirit of the culture of the period. Second, when a culture has become ripe it engenders in its own bosom an Opposite, a set of tendencies and relations which give rise to conflict. This conflict is laid at rest by a new synthesis, into which the valuable elements of

the older culture and its opposite are absorbed, and which transcends them both.

But Hegel regards all the successive stages of achievement, conflict, and new syntheses, as the progressive self-manifestation and self-realization in Time of the Absolute Spirit; so that all the significant movements and conflicts, all the syntheses and antagonisms and re-syntheses, at higher levels, which arise in time are expressions of the march of the Absolute Idea or Spirit through Time. All change and progress is within the Absolute, but strangely enough the Absolute does not, as such, progress. So obscure was Hegel on this point that the Hegelian school split up on it; the Hegelians of the Left maintaining that the master meant that the Absolute attains consciousness first and only in man; the Hegelians of the Center and Right that the master taught that the Absolute is eternally self-conscious. Perhaps F. H. Bradley was true to the spirit of Hegel when he said: "the Absolute has no history of its own, though it contains histories without number...the Absolute has no seasons, but all at once bears its leaves, fruits, and blossoms."<sup>4</sup> (To me this is nonsense. If histories are *in* the Absolute, how can it fail to suffer change? If histories are *not* in the Absolute, it is not the Absolute. Nor does J. M. E. McTaggart's *Eternal Society of Selves* make any more sense for a being who lives in time; and how could a being or beings *live*, if not in time?)

Marx on the contrary regards all the creative activity and the conflict, all the dialectic of history, as having an economic source. The struggle between classes for power and well-being is the key to the historical process.

One further point: Marx, so far as I know, never said that *all* social interests and processes are merely by-products of the economic forces. He admitted the survival of interests from a past culture; such as Greek art. There is no reason why a Marxian should deny that the creative or contemplative imagination can have considerable free play unaffected by economic forms, or assert that in a Marxian society all art and speculation must be proletarian.

Marx admits that traditional ideological hang-overs from pre-

<sup>4</sup> *Appearance and Reality* (First edition), pp. 499-500.

vious epochs play a part in esthetic culture, philosophy, and religion. One can hardly account for the persistent influence of Greek architecture, philosophy, and drama, or of Renaissance art, in terms of the system of production of succeeding epochs. And, admitting that the economic factor plays an important rôle, one cannot account for the rise of Hebrew prophetism, primitive Christianity, nor even of the Reformation, in terms solely of the economic system. Granted that Luther, Calvin, and the English Reformers were supported by the princes and Henry VIII, and by the middle class too, because they did not like to pay taxes for the building of St. Peter's; nevertheless, Luther, Calvin, Cranmer, Ridley, and Latimer were not themselves animated by economic motives. Nor is the rise of modern science to be explained solely by the growth of middle-class capitalism. The increase of wealth supported it. But the immediate stimulating soil of modern science was the late medieval thought with its faith in a rational order. The union of the Aristotelian and Platonic faith in reason, once the hunger for knowledge was sharpened, impelled men to seek mathematical order in nature; and inventions multiplied, since men turned to observe and experiment in order to find a rational order in nature.

Marx's primary proposition then is the exaggeration of a partial truth. It is, perhaps, truer to-day than ever before; this means it is not quite so great an exaggeration.

The present situation in Western civilization is regarded by the Marxians as a culminating expression of historical dialectics. The central notion of dialectics is that any principal and fully developed system of civilization or social culture engenders in its own bosom an opposite, and that the conflict between the parent system and its opposite goes on, until overcome by a higher synthesis which includes elements from both the opposing movements—the thesis and the antithesis.

Modern capitalism, with its system of centralized machine production, develops by its inherent logic into a phase in which the concentration of control of the forces of production and distribution into ever fewer hands reaches a maximum. This means that an ever increasing proportion of the workers are reduced to the position of absolute dependence, upon the decisions of

those who control the concentrated capital, for their very bread and butter. The amounts of the latter distributed among the wage earners depend upon the rate of profit which accrues to the Capitalists. When profits fall off wages and employment both fall. So the wage workers, as individuals, are virtual slaves of finance-capitalism.

But the very massing of workers together in factories develops in them a consciousness of their common interests. Their very presence together awakens them to their powerlessness as individual bargainers, and their potential strength, when organized into a counter-power able to struggle against Capitalism, by refusing to work except under conditions of hours and pay which they regard as a sufficient wage. So the struggle for collective bargaining, with espionage, walkouts, strikes, picketing, and violence becomes industrial warfare. The Capitalists employ labor spies and strike breakers, as well as the forces of actual law, to break the power of the unions.<sup>5</sup> For Capitalism has developed a powerful ethos which is embodied, in part at least, in the laws of the state. According to this ethos, the Capitalist is the greatest benefactor of his kind, because he sets up and runs the machinery which produces more goods cheaper and so gives employment to more labor. The laborer who demands more pay for fewer hours is an ungrateful wretch. From the standpoint of the capitalist ethos all the benefits of our civilization, increasing variety of goods, manifolding of goods at ever lower costs, are due to the Capitalist's manipulation of two things, the savings of himself and his fellows and the labor made productive by his superior energy and ability.

So the Capitalist puts up a stubborn resistance, through every

<sup>5</sup> It was brought out in Senator La Follette's Senate Committee on Civil Liberties in the 75th Congress, that the General Motors Company had spent for labor espionage in about three years, over \$300,000. The purpose was to spot union organizers and break up the unions. The investigators of the same committee brought out the fact that about twenty different spy organizations, notable among which is Pinkerton's, have been employed by manufacturers. A Pinkerton detective was paid \$12 to spy on a professor of sociology. The *New York Times* reported charges before the same Committee of wholesale terrorism and murder by sheriff's deputies in Harlan County, Kentucky. A Federal jury has since indicted 69 men, including the sheriff, 22 deputies, and 46 coal operators and companies for conspiracy, 5 deputies for murder.

agency that he can lay his hands on, to the demands of organized labor. This resistance develops, by reaction, an equally stubborn labor ethos, and there occur an increasingly violent series of head-on collisions. If a synthesis cannot be achieved society tends to go to pieces and to revert to barbarism or Fascism (dictatorship of Capitalism). The only final synthesis is Socialism, the common ownership of the chief means of production and distribution and their utilization, not for profit but for general human use. Such is the thesis of the Marxians. The dictatorship of the proletariat must overcome the dictatorship of Capitalism, in order to bring peace and plenty to all in an economically classless society. In such a society politics and the State will become in fact, for the first time in history, the instruments of well-being in widest commonalty spread. This is the meaning of the Marxian saying, "the state will wither away." He is thinking of the state as the executive committee of the capitalist class. He regards the government and laws in capitalistic society as devised and run primarily for the benefit of the owners of private property.

Whether the Marxian forecast will be fulfilled or not depends on how far the struggle, which is the greatest social fact of our time, can be mitigated and the differences composed between the capital and the labor ethos. Whether this can happen, whether there is enough of the spirit of reasonableness to permit it to happen, I do not know. If there be not, I think we shall be caught helplessly in the toils of class war and, after violence, there will be a Fascist interlude. If this does not result in the destruction of civilization it will break down and pass into a socialist society. In the long run Marx may turn out to be a true prophet. I do not know. I only hope not.

If Marxian Communism is the inevitable shape that industrialized society must take, why was Marx so completely wrong in his prediction that it would first come in the nations most advanced industrially—England, Germany, France, and the United States? Whereas, it first appeared in the industrially most backward country, Russia, and now is spreading only in outer Mongolia and China. Why was Lenin wrong, too? Why has Russia moved further away from egalitarian Communism and,

as it has advanced industrially, has brought greater inequalities of reward? My answer is that economic egalitarianism is an impossible dream, sheer nonsense. It never will work in any advanced civilization. It would paralyze production and economic progress. We can have more social control of differential awards with reduction of the enormous inequalities. But give them up and we revert to savagery (there are differentials even in peoples of primitive culture).

2. Marx's theory that labor alone creates genuine value is wrong. Labor is only one factor in creating market value or price. Leaving out artificial control such as deliberate restriction or cessation of output, it is effective demand which in the main determines the market price.

Demand is a function of utility; for example, of the satisfaction of expanding interests. Marx's theory of value is based on the theory of the classical economists, Adam Smith and Ricardo, that it is labor that confers value. This theory stems from John Locke, who based the doctrine of the natural right to property on the principle that where an individual has mixed his labor with a natural material, the product is his property. Marx's theory has been criticized on the ground that market value is determined by the relation between effective demand and supply. Effective demand is the product of *need* (actual or fancied) or *desire* and *capacity* to buy the means of satisfaction, divided by the actual supply of the desired goods. Marx is not guilty of confusing real need with market price. He was not a fool. He recognized that many things with high satisfaction-value have no market price; such as air in the country, friendship or love. The goods that have greatest value are priceless. One can buy the satisfaction of sensual lust, but not of love. One cannot buy friendship or genuine respect. One cannot buy the enjoyment of beauty. A rich man may pay a very high price for a highly esteemed painting and not enjoy it. What Marx means is that the *true social values of products depend on the socially necessary labor time*; the labor time required to produce genuine use- or satisfaction-values. By controlling the amount of product and so the market, the Capitalist raises the market price by limiting the possibilities of satisfaction and takes the difference



between the price and the amount of wages necessary to keep the required labor in being.

Marx's error lies in assuming, *if he did, that all labor time should have equal value*. This is not a workable assumption. Some labor is rare in the sense that only a few or a minority can perform it. Expert managerial or organizing ability are not as common as dirt. Inventive ability is still rarer. Ability to discover scientific principles, to create beauty in the arts, to synthesize knowledge and thought are still rarer. They should command rewards sufficient to insure their being effectively employed; that is, assuming that knowledge, truth and beauty are valuable goods. The trouble with competitive capitalism is that it exploits both human capacity and human needs to control the production and distribution of the goods that have indispensable common use-values: land and natural resources, foods, housing, clothing and so forth, in order to extract a high profit in prices from the consumers and to give a low means of subsistence to the laborers. In this sense Marx's criticism is correct. The value of his general argument does not depend upon the labor theory of value.

3 and 4. The third proposition means that, above the line of bare subsistence wages, the higher the wages the lower the profits and vice versa. Therefore, there is conflict between the owner and the worker. It is in the interests of the owner to reduce the costs of production. It is in the interests of the wage workers to increase the labor cost. The *surplus value* is the value beyond the *labor cost* and the *constant capital cost*. The latter consists of the cost of installing and reproducing the plant plus the cost of materials. As the labor cost tends to rise, the incentive is strong to replace men by machines. In this way the cost per unit of production is actually reduced, and at the same time the proportion of the proletariat competing for jobs is increased. Suppose a manufacturer has \$700,000 invested in the plant and pays \$300,000 a year in wages to 300 workmen, making 10 per cent profit. If labor demands \$400,000 a year he may install \$300,000 worth of labor-saving machines and reduce his labor force to 100. Then, supposing the additional machinery to be good for ten years and the cost of fuel, oil, and repairs \$5,000

a year, at a capital investment of \$35,000 a year he has saved \$200,000 a year in production costs. Suppose that he hereby increases the output by 25 per cent. He can lower prices, sell more products and even pay somewhat higher wages. Since this tendency is general, the net result is to reduce greatly the total income of the workers and therefore to deplete the purchasing power. Now, since workers are also consumers, the increased productivity has no outlet unless foreign markets are found. But since all capitalistic countries can go into machine production, the foreign markets must shrink in the end. The shrinkage is accelerated by the cost of wars. Thus *private capitalism by cutting labor costs through machinery and concentration finally brings to pass its own doom*. The wage workers are faced by increasing unemployment and misery. The only way out is a planned economy, and there can be no planned economy without a more equitable sharing of goods. The only way in which the increased production of the machine can be kept up is by a general redistribution of purchasing power. This means the reduction and, ultimately, the elimination of profits. The validity of this argument does not depend upon accepting Marx's theory that all value is created by labor. For, if effective demand is a factor in determining market value, and effective demand decreases in proportion as the ratio of labor cost to constant capital investment decreases, we reach the result that the reduction of the labor cost, which reduces the total cost of the product, while it may temporarily, through credit buying, increase the demand, finally reduces the effective demand; further reduces the total income of the wage earners, and leads to a paralysis of industry: since, without profits, the owners will not operate their factories and most certainly will not do so at a loss.

There is no escaping the logic of this argument. The depression of 1929-? is a factual exemplification of it on a stupendous scale. Under the system of free competition there is a constant economic class war which, if not arrested, can only mean the ultimate ruin of both classes and the downfall of our civilization. Up to 1920 the rapid increase of productive efficiency, through the greater use of machinery and the concentration of produc-

tive agencies was accompanied by an increase in real wages and in employment. Since 1920 Marx's prediction has begun to come true. Why this change?

The World War increased greatly the demand both for products of the soil and manufactured goods in this country. The price level rose rapidly. With the cessation of war the prices kept up for some years. Europe had been engaged chiefly in supporting workers to make instruments of destruction. Europe could not supply non-combatant countries. The United States had a tremendous opportunity and was geared up to meet it. With peace Europe resumed her industrial activity, and began the effort to recapture her export trade. The United States went on as if the world market would continue to expand as it had been doing before, during and after the War. In the meantime the consuming power of the home market was being reduced greatly by the slump in food prices. The farmers were becoming impoverished. By 1928 the country was greatly oversupplied with the machinery of production, since the shrinkage of effective consumer demand both abroad and at home was assuming serious proportions.<sup>6</sup> We tried to stave off the evil day by buying foreign securities; that is, by exporting capital to pay for the goods we sold to other peoples. The war had postponed the inevitable crash, due to mounting machine production with relatively decreasing purchasing power. When it came it was all the greater. Thus I conceive an American Marxian to argue.

5. Marx's fifth proposition is an ethical value judgment. It is the same value judgment that is at the heart of Stoicism, Christianity, and Buddhism and the moral philosophy of Kant, Fichte, Hegel, Bentham, Mill, T. H. Green and modern humanists. The paramount right, the moral vocation of every human being, is a fair opportunity to become a free or self-determining creative personality. Of course, those who believe that jungle law—"nature red in tooth and claw"—should rule in human society and who lust primarily for wealth, the prestige and power that wealth gives, and who lay the flattering unction to their souls

<sup>6</sup> Meaning, of course, overproduction in relation to effective demand and prices; not overproduction in the sense that more was produced than could be consumed if the customers had the purchasing power.

that they are supermen, will not accept it. I accept it, for two reasons: First, human beings are all alike, made of the same capacities variously blended. We all hunger and thirst, are vigorous and weary, lonely and companionated; we all fear and hope, love and hate, enjoy and suffer mental agonies of defeat and bereavement. All alike we shall go down to the grave carrying nothing with us. We shall die alone whether in despair or agony or peacefully fading away. We shall all alike be forgotten. Second, our common strivings, interests, fears, hopes, joys and sorrows are far more important than our differences. The man who, in his heart of hearts, can deny the common attributes and rights and fate of men is either a callous monster or an inflated superegotist. The distinction between the two is not clear.

6. Marx's sixth proposition is, as a matter of fact, not quite, but uncomfortably near, the whole truth. The modern State, by which one means the organs of government, presumably exists to further the common good. The idealist says that the will for the common good, not force, is the basis of the State. But actually the effective will in the modern State, even in its democratic forms, is the balance or equilibrium of wills between conflicting groups with clashing interests. The legislation and its administration are influenced, and even controlled, by the active organized interests of special groups who know what they want and how to get it; and how to prevent the passage of inimical legislation or, if such does occasionally slip through, how to emasculate it.

7. Whether violence is necessary to the establishment of a coöperative commonwealth in democratic states, such as the United States, cannot be determined in advance. That lies in the lap of the unknown future. The only alternative way is that, by discussion and debate and through elected representatives, the various conflicting groups in the democracy should come to see that concession and coöperation is the wiser way.

Whether this will happen no one can say now.

8. The establishment and development of Communism in Russia has been accompanied by much violence and suffering. The breakdown of capitalistic individualism in America has brought,

in a more advantageously circumstanced land, much suffering. Shall we learn that the parliamentary democratic experimental way is the better way towards the coöperative commonwealth? Or, will the bitter struggle go on? Shall selfish profitism reassert itself, as it is beginning to do, as soon as there is a slight promise of upturn breaking through the clouds of depression and despair? Will the forces of organized greed triumph over the forces of unorganized inertia? Shall we return to the New Era 1928 model? If we do I venture only to prophesy that we shall slump down into a deeper pit, ultimately to go, through bloodshed and violent revolution with the loss of freedom under Fascist or proletarian dictatorship, towards a vigorously regimented state. For it is impossible that the system of concentration of irresponsible power to control production and the distribution of gigantic profits for a few shall continue indefinitely.

Marx and the Marxians have never satisfactorily explained how a classless society would emerge from the bitterest class conflict. Will the proletariat have sufficient insight and generosity of mind to recognize the necessity of qualitative differences of capacity in the members of society, and that those differences of capacity require the admission of differences in economic income, in leisure and freedom from harassing bureaucratic restrictions, in order that human beings may do creative work?

No economic class has any monopoly on either wickedness or virtue, folly or wisdom. There are stupid and intelligent, public minded and selfishly piggish members in all groups, including the proletariat. Human nature is not in every specimen naturally good at birth and corrupted only by social environment. Human nature is spotty at birth. The dogmatic fanatical Communist makes these assumptions: (a) His system is the one and only true social philosophy. Those who disagree with it are either stupid or, if intelligent, hypocritical. (b) The members of the class-conscious minority of the proletariat are nobler, more unselfish than any other group. Therefore, when they have control they will install a just and humane social order. (c) The right socio-political order, that is, Communism, will so change human valuations and motivations that it will automatically

bring to pass the end of exploitation and man's inhumanity to man.

All these assumptions are false because one-sided. Laziness, selfishness, sensuality, dishonesty will not be eliminated by any socio-economic scheme. Their incidence and evil effects can be mitigated, the strains which accentuate these bad qualities reduced by a more equitable social order. But I hold that, unless reverence and love for persons are made central, any social reconstruction will suffer shipwreck. Reverence and love for persons I regard as the heart of the Christian ethic. Treat human persons always as ends-in-themselves.

*Note—Marx on Metaphysics and Religion*

Marx and Engels do not hold to either a rigid mechanistic or a rigid economic determinism. They hold that men in association change their physical environments by the use of tools; and thereby change and improve themselves by enhancing the material conditions of their well-being, thus building upon the fuller physical substructure the superstructures of a richer and more humane culture.

Moreover, men in association make their own history. Marx is very emphatic in insisting that all historical culture is the product of the associated activities of men. He rejects the Hegelian doctrine that human culture is merely the dialectic unfolding of the Absolute Idea in time. Marx is a thoroughgoing monistic humanist. He rejects any fundamental dualism in man or the cosmos. Man is an active creative being, emerging and functioning in a universe which brings forth novelties. The only dualism is the transitional one of class conflicts due to the static equilibrium of the possessing and ruling class in one epoch of culture resisting the social and general cultural changes involved in the creation of new methods of economic production. Men are not solely the products of circumstances and upbringing, for circumstances and methods of upbringing can be changed by men. "The educator must himself be educated."<sup>1</sup>

It is from this standpoint that one must weigh Marx's famous utterance that "religion is the opium of the people." He con-

<sup>1</sup> Marx, Karl, *Theses on Feuerbach*, Thesis III.

ceives religion to be essentially dualistic. For him: "Religion is the moan of the oppressed creature, the sentiment of a heartless world, as it is the spirit of spiritless conditions. It is the opium of the people."<sup>3</sup> Christianity, with its wholly other-worldly transcendent Kingdom of Heaven which cannot come by reform in this empirical world of human relations but only by a cataclysmic act so long as millennialism is accepted, or by death and judgment when miraculous millennialism is given up, is for Marx the perfect example of this dualistic other-worldism which offers to the poor and miserable here illusory compensations in a transcendent hereafter. Marx condemns in the same way any Utopianism or Rationalism which thinks that the mass of mankind can be lifted from misery and degradation by attempting to change their inner attitudes of feeling and thought, without abolishing the economic bondage and physical miseries which prevent any effective development, by the mass of human beings, of their mental and spiritual powers. If any theory of human values cannot be put into effect by an active transformation in man's social relations, it is a "religion," a "dope" to keep people lethargic and sunk in their misery by holding before them illusory future compensations.

This is why Marx opposes religion and all dualisms and transcendental idealisms. This is why he holds that the "superstructures" in any epoch of culture, are determined chiefly by the system of productive relations then in effect. A historical religion is first the guide and inspiration in the building up of an economico-political system. Art and philosophy are the frills of the system. But when the system has achieved its static equilibrium, then the superstructures of religion, art and philosophy become defense mechanisms to prevent the change demanded by new methods of production. Medieval Catholicism fits Feudalism and Calvinistic Protestantism fits Capitalism like a glove.

If religion can be nothing more than dualism with a picture of a Transcendent Other-Worldly Paradise wherein poor Lazarus is received unto Abraham's bosom, if religion can have nothing

<sup>3</sup> "Criticism of the Hegelian Philosophy of Right," in *Selected Essays by Karl Marx* (translated by H. J. Stenning), p. 12.

to do with the existing social order, then I would agree wholly with Marx. If cultural superstructures are merely by-products of economic systems and gayly painted disguises to blind the shambles where we die, then I would agree wholly with Marx. But I do not admit that religion is inevitably based on either a cosmic or a human dualism and hence has no present social applications. Nor can I see that the other forms of culture—the superstructures of ethics, art, science, and philosophy—are simply by-products and supports of an existing economic-political system.

Can a society become decent and humanely progressive and continue so, in which it is not recognized that man is more than a cunning but sensuous beast, or that his social, ethical, esthetic, and intellectual ideals are more than gaseous bubbles thrown off by especially complex eddies in the blind stream of electron-protons? In short, can a society really prosper, *in a humanitarian sense*, in which the leaders and rulers hold that the "spiritual" in man is a hallucinatory opiate? I trow not. As Aristotle said, "civilized" man, without law based on the common good, is the most dangerous of animals. This last state becomes the war of every one against his fellows.

I hold, rather, that in any integrated order aiming at greater social justice, man will need, in order to keep society going on a high plane and to make life really worthy and dignified and satisfying to the spirit in him, the inspiration and refreshment of the Ideal of Personality as Ultimate Carrier of Values and of faith in this Ideal as rooted and grounded in the Nature of Things.

I have in this work touched only incidentally on the fringes of the relations of Religion and Metaphysics to the Social Order. I hope in another volume to treat these matters with some fullness of reference to their historic rôles in the chief epochs of Western culture.



## CHAPTER VI

### RUSSIAN COMMUNISM

#### 1. GENERAL FEATURES

SOVIET RUSSIA is now said to be in the state of "Socialism" in which the land and the materials and instruments of production are owned by the people functioning through the Soviet Republic. The principle of reward in this stage is "to each according to the quantity and quality of his work." When there shall have been achieved the full indoctrination and habituation of the workers and the technology of production shall have been mastered so that, without friction or sabotage, abundance shall have been achieved; then will come the fruition in full Communism—"from each according to his ability and to each according to his need."

Russian Communism is the only thoroughgoing experiment in the compulsory collectivization of all the instruments of production and distribution of wealth on a large scale that has been made since the Inca Empire in Peru. It means the control by the State of all the main instruments of production and vehicles of distribution; the land, the mines, the forests, the railroads, telegraphs, telephones as well as roads, the factories, the stores, housing, printing and publishing, education and research, the fostering of recreation, literature, and the fine arts. This control is exercised by a state organized on a purely economic basis and ruled by the organized workers who are members of the Communist organization. Only a minority of the population are members of the party. It is a party with difficult conditions of membership and rigorous rules of loyalty. No one of capitalistic sympathies, no one lacking in devotion to the communistic aims and ideals, is admitted or permitted to retain membership. The party has a very strict discipline. Intellectuals who criticize, priests or ministers of religion and well-to-do private traders or

peasants are excluded. There is a place in it for critics of the efficiency and loyalty of its members, but no place for critics of the system as a whole. The latter must starve or be sent to Siberia or be executed.

Russian Communism is the result of the seizing of power by the organized proletariat or laboring class, when government and the economic life had broken down. Previous to its rise to power there were in Russia three chief classes—the peasants, the industrial workers and the ruling aristocracy or oligarchic plutocracy. The latter had failed through inefficiency and corruption. The organized minority of the workers seized the power and, by its dictatorship, established a system of thoroughgoing Socialism, squeezing out private enterprise in industry and business and liquidating the Kulaks or rich peasants. There was no strong middle class and no effective tradition of liberty or democracy in pre-communistic Russia. In Italy and Germany which have both gone Fascist, there were strong middle classes but no strong tradition of individual political liberty and democracy.

The fact that Communism has been in power for twenty years in the largest country on the earth (one-seventh of the earth's surface) and has made notable advances in industrialization, constitutes a challenge to Capitalism and liberal democracy:

The compelling strength of Communism is that it has a faith as vigorous, as fanatic and compelling as any in the history of religions ... it is fatal to underestimate the strength of their temper. It is the thing that moved the early Christians, the Puritans of the seventeenth century, the legions of Mahomet, to victory against obstacles which must have seemed insuperable to their contemporaries.<sup>1</sup>

Its emotional and ethical essence (writes J. M. Keynes), centers about the individual's and the community's attitude to money ... it tries to construct a framework of society in which pecuniary motives as influencing action shall have a changed relative importance, in which social approbation shall be differently distributed, and where behavior which previously was normal and respectable, ceases to be either the one or the other.<sup>2</sup>

The idealism of youth responds to it. It is of that inner citadel

<sup>1</sup> H. J. Laski, *Communism*, p. 246.

<sup>2</sup> *Ibid.*, p. 247.

of conviction which moves the artist, the poet, the scientist, the philosopher, to their achievement.... Even its partial success would make an Epoch in the history of the world, and, even if it proves Utopian, it is clearly an ideal both high enough and intense enough, to win from those who accept it the ultimate service of heart and mind.... It gives something of the mental and moral excitement that is felt by the readers of the poetry inspired by the French Revolution, the unconquerable hope, the heedless and instinctive generosity, which makes great ends seem worth working for because they are attainable by ourselves.<sup>3</sup>

Communism has made its way by its idealism and not by its realism, by its spiritual promise, not its materialistic prospect.<sup>4</sup>

The way to avoid its violence and errors is by devising some peaceful parliamentary method of redistributing economic power by general consent. This means a revision of the rights of private property in the direction of a much greater approach to equality of concrete opportunity for a good life. Nothing short of a drastic narrowing of the gap between rich and poor, by democratic consent, will avert violent and bloody catastrophe—perhaps the ruin of Western Civilization. We can choose either peaceful coöperation or the unpredictable consequences of open social war.

The only legalized political organization in Russia is the Communist party. It is directed by a Central Committee elected at the annual party congress. This Committee selects a small executive body, the Political Bureau, at present of ten members. This bureau makes decisions on policy which are followed by the government. In 1932 the membership of the Communist party was 3,130,000; Young Communists, 6,000,000; and Pioneers, 9,000,000.

In brief Russian Communism is a system of representative, collectivistic minority rule, dictatorship of the class-conscious minority of the proletariat. It aims to be a majority rule as soon as the majority qualify to be Communists. It is based on the economic interpretation of history and the doctrine of the class struggle. The economic interpretation of history means that all ideas and institutions—moral, legal, political and religious—are but reflections of the economic organization of society.

<sup>3</sup> *Ibid.*, pp. 247-248.

<sup>4</sup> *Ibid.*, p. 250.

Therefore, the laws, morality, politics, religion, and philosophy of capitalistic society have no place in a collectivistic society. The doctrine of the class struggle is that all history is the theater of the conflict of classes—master and slave and to-day Capitalist and wage worker. The wealth of the middle class—the capitalist class—is due to the fact that they appropriate, in the form of rent, interest and profits, the entire surplus value of the products of labor over and above the bare cost of production. The Capitalist strives to keep the laborer down to just sufficient reward to keep him alive and able to do the work, from whose products the capitalist skims off all the cream in the shape of profits and rents. Therefore, the only way in which the laborer can come into his own is by taking complete command of all the instruments of production and government. The Capitalist must be excluded from participation in government; and this proposition applies to his minions—such as servants, clerks, writers, who accept the economic philosophy of their masters. The class war must go on until all are included in the one class of the workers—the proletariat. A classless society can come into being only through the absorption of all other classes into the working class. Only that part of the working class, therefore, which is class-conscious; that is, which is thoroughly indoctrinated with the Communist philosophy of society and history, can be permitted to have any effective part in the conduct of affairs. Starting from its premises as admitted, Communism is a thoroughly logical system. If economic causes are the chief determining factors in social life, and if a better social order can come about only through the prosecution of the class struggle to the issue when all shall have been absorbed into the class-conscious working class, then Communism is right, and compromise or patching up of truces between the Capitalist and the working class is foolish, since it but postpones the day when, in a thoroughgoing collectivistic economy, all members of society who are willing and able to work shall share alike according to their needs in the welfare that is the product of their coöperative efforts.

2. THE NEW CONSTITUTION <sup>5</sup>

The third Constitution of the U.S.S.R. went into effect January 1, 1937; after having been voted on by the eighth All Union Congress of Soviets of 2,033 delegates and 314 consulting delegates, December 5, 1936. The Draft of this Constitution was published in June, 1936, for the purpose of general public discussion. It is said that 154,000 suggestions for amendment were made of which one, providing for an Industrial Munitions Commissar, was adopted.

It reaffirms basic principles already in force such as: (1) that the land and all that is beneath it, forests, mines, factories, means of transportation and communication, large state-organized agricultural enterprises, banks, and principal dwelling fund are the property of the people; (2) that, besides state enterprises, public collective farms and coöperative organizations for production and distribution are recognized; (3) that on the collective farms the householders have the use of private plots and individual property—the house, domestic animals and minor agricultural tools; (4) that private small farms and other individual enterprises based on personal labor are permitted; (5) that the personal property of citizens, including savings, houses and equipment, objects of personal use and comfort, are protected.

The principle of Socialism is affirmed to be: "From each according to his ability, to each according to his work."

The Union of Soviet Socialist Republics is a federated state consisting of eleven Soviet Socialist Republics. The Union has charge of: (a) All international matters; (b) questions of war and peace; (c) admission of new republics; (d) supervision of the Constitution of the U.S.S.R. and insurance of the conformity of the Constitution of the several Union Republics with the Constitution of the U.S.S.R.; (e) ratification of boundaries; (f) organization of defense; (g) foreign trade; (h) safeguarding security; (i) determining plans of National economy; (j) approbation of unified states' budget of the U.S.S.R. as well as taxes and revenues; (k) administration of the banks, industrial, agricultural and trading enterprises; (l) administration

<sup>5</sup> Based on the English Version, Moscow, 1936.

of transport and communication; (*m*) erection of monetary and credit systems; (*n*) control of State insurance; (*o*) contracting and granting debts; (*p*) control of use of land and exploitation of resources; (*q*) control of basic principles of education and public health; (*r*) organization of system of national accounting; (*s*) establishment of the principles of labor legislation; (*t*) legislation governing the judicial system and procedure; (*u*) laws governing citizenship and the rights of foreigners.

Each Union Republic has its own Constitution in harmony with the All-Union Constitution.

The highest organ of state power is the *Supreme Council of the U.S.S.R.*, elected for a term of four years. It has two chambers, the *Council of Nationalities* and the *Council of the Union*. The Council of the Union is elected by direct vote and secret ballot of the citizens of the U.S.S.R., on the basis of one deputy to every 300,000 of the population. The Council of Nationalities consists of deputies elected by the Supreme Councils of the Union and Autonomous Republics and the Soviets of Deputies of the Autonomous Regions—ten from each Union Republic, five from each autonomous republic and five from each autonomous region. The members of Parliament have immunity.

The two chambers have equal rights. A law is adopted by concurrent majority vote in each chamber. Parliament directs all the functions of the government. It may arrange nation-wide referenda on vital questions.

If the two houses of Parliament disagree on a bill and, after reference to a Conciliation Commission established on a party basis, still fail to come to an agreement, the *Praesidium* of the Supreme Council dissolves the Supreme Council and appoints new elections (article 47).

The *Praesidium* of 37 members, elected by the Council, functions as a standing Executive Committee. It supervises the acts of the Councils of People's Commissars of the U.S.S.R. and of the Constituent Republics. It exercises pardoning power, and controls the High Command of armed forces; in the intervals between sessions of the Supreme Council it can proclaim a state of war and mobilization. It ratifies international treaties and appoints and receives diplomatic representatives.

The Union Republics have similar constitutions. In both the U.S.S.R. and the constituent Republics, the organs of State administration are the *Councils of People's Commissars*. The All-Union Commissariats are: Defense, Foreign Affairs, Foreign Trade, Railways, Communications, Water Transport, Heavy Industry. The *Union-Republic* Commissariats direct the branches of State administration entrusted to them by the People's Commissariats of the Union Republic in Food, Light Industry, Timber Industry, Agriculture, State Grain and Live Stock Farms, Finance, International Trade and Affairs, Justice and Public Health. There are People's Commissars in charge of the above ten functions, and besides there are Commissars for Education and Social Maintenance.

Courts and the State Attorney's Office, the Supreme Court of the U.S.S.R. and of the Union and Autonomous Republics and the Territorial and Regional Courts, are elected by the respective Councils and Soviets for a term of five years. The People's Courts are elected by the citizens of the district by universal direct and equal suffrage and secret ballot for a term of three years.

In all courts cases are tried with the assistance of people's assessors, with the exception of cases specially provided for by law. In all courts cases are heard in public, unless otherwise provided for by law. The State Attorney of the U.S.S.R., appointed by the Supreme Council for seven years, has the highest supervision of the exact observance of the law by all People's Commissariats and the institutions under them, as well as by individual officials and citizens of the U.S.S.R. The lower State Attorneys' offices are subordinate only to the State Attorney of the U.S.S.R. "The State Attorneys' offices perform their functions independently of any local organs whatsoever and are subordinate solely to the State Attorney of the U.S.S.R." (Article 117). Thus the State Attorney becomes the most powerful official in the Soviet Government. He is superior to the Commissariat for Internal Affairs, which has taken the place of the G.P.U. (secret police). His paramount task is the protection of individual rights; of the inviolability of person, home and mail.

*Rights and Duties of Citizens.* Civil rights are granted to

all equally. All citizens are guaranteed employment, leisure and culture, annual vacations with pay, maintenance in old age, or in incapacity to work. Freedom of religious worship is recognized.

The citizens are guaranteed: (a) freedom of speech; (b) freedom of the press; (c) freedom of assembly and meetings; (d) freedom of street processions and demonstrations. For the exercise of these rights; printing presses, paper, buildings, streets and means of communication are placed at the disposal of the workers. The right to organize is granted to every interest except that of anti-Communist or subversive opinion. However, I do not believe that there will be any freedom of speech, publication or assembly either to question any article in the creed of dialectical materialism and Communism, or to criticize the leaders of the Communist party: for example, the members of the *Polit Buro* (Russian for "Political Bureau").

The citizens are guaranteed inviolability of persons, homes and correspondence. No one can be arrested without the sanction of a State attorney or a decision of court. It is the duty of every citizen to safeguard public property, and injury thereof is severely dealt with.

The Constitution is an advance towards democracy. But there is no democratic tradition in Russia. The Constitution has been "granted" the people by Stalin, Secretary of the Communist party. This party is officially named in the Constitution as constituting the *leading force* of all organizations of citizens, both Social and State. *Hence all organizations must be approved by the Communist party*; in effect by the *Polit Buro* which, though not mentioned in this Constitution, is still really the Supreme Organ of power in Russia and will continue to be so until parties or groups having different social and political views are admitted to legal standing. It is a misuse of language and a confusion of thought to call Soviet Russia a democracy. It may fairly be said to be headed that way. One hopes it is. But it still has a long way to go. And, perhaps, in view of the centuries of serfdom with autocracy and Czarist terrorism working on a great mass of illiterate people, semioriental and living in the main by a primitive handicraft economy, it would not be pos-



sible for the mass to move faster towards social democracy than it is moving. We must not judge Russia by our standards even though they are told that they are living in a Communist paradise and we in a capitalist hell.

A completely socialistic bureaucracy does not tolerate the expression of any views critical of its own social philosophy. There is no place in the Communist society for any other party than the Communist party. Stalin and his colleagues enunciated this attitude very clearly in their speeches on the occasion of the Soviet Congress to adopt the new Constitution, November 25, 1936.\* Stalin said, "Yes, the dictatorship of the working class will remain. . . . As regards political parties, several parties can exist when there are antagonistic classes. . . . In the U.S.S.R. there is no soil for several parties. There is soil for only one party, which can only be the Communist party." He said that the new Constitution is the only democratic one in the world, because it embodies the end of exploitation of man by man. It gives complete equality of opportunity to all citizens; irrespective of sex, race, or previous condition. It is free *social democracy* which can only be enjoyed under complete Socialism. It realizes genuine liberty—liberty to work, to enjoy leisure, culture, and social security.

According to Communism the traditional "liberalism"—freedom to express and propagandize differing and mutually antagonistic social-political views—was the offspring of private Capitalism. It was the by-product of laissez-faire economic doctrine and policy, an incident of freedom of enterprise, of freedom to exploit one's fellow men. So long as the Capitalists are in power, through the laws and courts and police, they can tolerate a variety of opinions, in so far as this variety is not dangerous to their rule. So we have in the United States and Great Britain capitalistic and socialistic journals and books. But, says the Communist, as soon as there is felt to be a serious threat to the capitalistic system in this freedom, it is abolished. Not only are the *Daily Worker* and the *New Masses* already prohibited in many reading-rooms in the United States, but the reading of the *New Republic*, *Nation*, and *Common Sense*, are prohibited

\* As reported in the *New York Times*, Nov. 26, 1936, p. 27.

to teachers. Consequently, the Communist finds it entirely logical, having abolished private Capitalism, to prohibit absolutely the circulation of ideas critical of Communism.

We must make our choice between exploitation, with toleration to blow off steam so long as our capitalistic masters do not think there is any danger of our blowing up the whole works; or the abolition of exploitation in a socialistic democracy with no toleration of criticism of Communism. This is the dilemma offered us.

In the last analysis it is a question of preferable values. I prefer to take the risks of exploitation and poverty in a variegated society, with the opportunity to say whatever I think whenever I think best, to a wholly regimented society under either Fascist or Communist dictatorial "Know-It-Alls." Earthly Gods! What the Communist denies is that there is a third way—retention of private enterprise and liberty of opinion and utterance in a society in which, by a balance kept between private enterprise, individualistic and coöperative and public control and operation, we get a dynamic system of economic checks and balances by which the means of decent livelihood is spread widely and both civic and spiritual liberty are preserved.

### 3. MOTIVATION UNDER COMMUNISM

The basic motive for work under the system of private capitalism is profit. The most successful men under this system are those who make the most money. They may use their surplus profits for philanthropic or cultural ends. If they do so they are honored as generous and noble benefactors of society since, of their own free wills, they give away for the benefit of others what is absolutely their own. Strictly speaking they do not owe society anything. Indeed, they have already greatly benefited others, since, by their own superior energy, enterprise, and ability, they have provided work. It seldom occurs to the defenders of private Capitalism to recognize what the makers of great fortunes owe to society—the enjoyment of the whole racial heritage of language, customs, laws, social order, knowledge; and, besides all these things, the opportunity afforded by society for other

enterprises. If Henry Ford in his childhood had been dumped on a remote South Sea Island where ships never called, or even if he had lived in Tartary, what would he have been able to achieve?

Socialistic doctrine starts from the emphasis on what the individual owes to the whole social life, past and present—to all the heritage from the past and all the opportunities afforded in the present; whereas, economic individualism ignores all this and claims that the individual's successful exploitation of the social heritage, and the needs and capacities of his fellows in the present entitle him to make all he can.

But how does Communism enforce the individual's social obligations? What does it put in place of profit as incentives to work?

*In the first place*, it says that "he who will not work shall not eat." Under Communism the individual cannot live from the rents and interest of inherited wealth. Russian Socialism does not practise equality of pay. So an individual who makes high wages and saves may work less than one who does neither. But, under Communism, if an individual does not work for society he is deprived of the rights of citizenship; he is frowned down upon and may be forced to work.

Work then under Communism is necessary for subsistence and the improvement of one's lot.

*Secondly*, Communism stimulates workers by friendly group rivalry and socialist competition. It utilizes the sporting instinct in the interest of society. The more successful group is expected in turn to aid the less successful. This is their "patronage."

*Thirdly*, Communism rewards those who are most efficient with higher pay, longer vacations, and other rewards, such as opera and theater tickets, or, in the case of distinguished service, foreign trips or automobiles.

Communism uses the piece-work plan; but it does not pay less for the pieces of work done above the average, as does private Capitalism. On the ground that the overhead costs (heat, light, equipment, bookkeeping, and so forth) are not increased, the Communist can pay more per piece for extra service. The rates of pay in any industry are divided into various categories—the

range of rates may include anywhere from eight to seventeen categories. The highest paid worker in the industry may receive anywhere from three to ten or more times the wage of the lowest paid. The basic wage varies from industry to industry, according to the need of the industry and the scarcity of skilled workers. The director or manager may receive less than the most efficient worker.

*Fourthly*, Communism emphasizes the motive of *social service*. The more products of good quality that are turned out and the more efficiently they are distributed, the greater the total sum of goods available for consumption. Consequently the more there is for the three factors in keeping production going: (1) The costs of production in equipment and material; (2) the costs of replacement and expansion; and (3) the total wage fund.

In short, the more goods produced with a given equipment in a given period, the more real wealth there will be both for direct consumption and for the maintenance and expansion of the production machinery.

In short, Communism aims to develop an attitude of *intelligent coöperation*, through which all the members of society shall work in concerted effort to realize, *by mutuality*, the greatest possible good life—in the shape of economic sustenance, the amenities of living, education, culture, and the most satisfying use of leisure. As Stalin says: It stresses the dignity of the Soviet citizen.

He who does less than he can, who loafs on the job, or by carelessness injures the machinery or spoils the material, is anti-social. If he doesn't do his best for the good of the whole community he does not deserve a reward. In fact, he deserves and gets reprobation and finally dismissal. The wall newspapers in the factories expose those who are loafing, or injuring their work by drinking.

To enforce the motive of social service Communism awards *public honors* to those who produce the best results. In all walks—in industry, in science, in the theater and opera, in literature, and the other fine arts—individuals who have rendered exceptional services are singled out and decorated with orders such as: *Honored worker, honored artist, or writer, or theatrical manager,*

or *actor*, or *singer*, or *athlete*. The highest of these orders is the *Order of Lenin*.

The Communist philosophy of work strongly recalls the New Testament: "Let him that will be greatest among you be servant of all. For the Son of Man came not to be ministered unto but to minister." (See Matt., XXIII, 11; Luke, XXII, 26.) "For the body is one and hath many members and all the members being many, are members of one body." "If one member suffer all the members suffer with it. If one member is honored, all the members rejoice with him." (St. Paul. See I Cor., XII, 12, 26.) "And the multitude of them that believed were of one heart and soul; and not one of them said that aught of the things which he possessed was his own; but they had all things in common." (See Acts VI, 32.)

It is the most singular irony of history that, under a social philosophy which is Godless and holds that religion is the opium of the people, the first sustained attempt is made on a great scale to put into practice the social ethics of the primitive Christian. For there can be no doubt that, for Jesus and his early disciples, all economic goods were regarded merely as instrumental to the welfare of the *whole community*. Love of wealth is one of the greatest of sins; selfish disregard of others is an even greater.

What a perversion of the social ethics of Jesus took place when, as the hope of the second coming faded out, the enjoyment of the Kingdom was transferred entirely to another world and the Church, becoming rich and powerful, was used as an opiate to keep the exploited masses quiet; by telling them that their lot was a consequence of the sin of their first parents, that they could never expect in this world to be freed from poverty, and that poverty and misery were spiritual blessings in disguise, by which they would be purified, through suffering, to enjoy compensation in the world to come.

Communism in Russia is the concerted effort to realize by co-operation the good life here and now. Its failings and even its oppressions are the consequences of man's imperfection. It is an atheistic effort with violence to make the Kingdom of God come on earth.

*Summary.* The basic difference between a socialistic production for use and capitalistic production for profit is that under the former, increase in production brings falling prices; whereas under the latter the fall in prices is checked by price agreements, and the reduction of production. The growth of production in Soviet Russia has brought about a steady decline in prices. In Western Capitalism the depression led to a wholesale arrest of production and now, as we climb out of the depression, prices rise. All the issues between Socialism and Capitalism boil down to this question—which furnishes the most effective motivations for production?

#### 4. DOGMATIC IDEOLOGY

The most characteristic dogmatism in the whole Soviet Ideology is, perhaps, the assumption of the omnipotence of the social environment in shaping the individual. According to this dogma the individual at birth is wholly plastic material, which is given set and direction by the forces of the social environment. Crime and all other forms of mental aberration are due to the impact primarily of *economic* causes and, secondarily, of the forms of law and morality which arise from economic causes.

When I inquired of the Director of the Moscow Prophylacticum as to what proportion of the inmates were mentally defective, he replied, 55 per cent. But, he added, these deficiencies were due to the adverse economic conditions of either the individuals or their ancestry.

This dogma of the omnipotence of the economic environment is not supported by the facts. Granted: that the pressure of adverse circumstances is, *in large part*, responsible for crime and other mental aberrations; that the stresses and strains of life amidst the gross injustices and vicissitudes of a capitalistic society are, in large part, causative factors in the social disorders of individuals; it is nevertheless also true that, by heredity, some individuals are so predetermined to mental aberrations that in any society they would be either subnormal or abnormal. The individual's career is partly predestined in the specific combination of genes that constitute his individual biological inheritance.

Exceptional talent and genius will out under adverse social circumstances; so will lust, ungovernable temper and mental deficiency. Great geniuses, as well as some criminals and imbeciles, are born that way. This does not mean that some of those who are criminals in one type of social environment would not be good citizens under a quite different type; it does mean that heredity is always a partial factor in the making of the individual.

This is no argument against the possible reduction of crimes and mental aberrations by a better social order. By changing the types and intensities of social stimuli and inhibitions, we may bring forth a better average of socialized human nature. But it is an argument against the empirically groundless expectation that, by a more humane social order, we shall wipe away all sorrow and tears, all disorder and tragedy. Those who assert that the economic environment is omnipotent, and those who assert that heredity is omnipotent are both wrong. The new-born individual is plastic, within limits, to his social circumstances. But it remains true that individuals are born different and will continue, under any social order, to be born different with respect to their physico-mental powers and weaknesses. And we are still largely ignorant as to *how* the individual's physical make-up affects his mental reactions. It is possible that there is a spiritual principle in man that is not wholly determined by his brain structure, but it is not certain. Materialism and dualism are, as yet, open hypotheses. I do not regard *mentalism* or *pan-psychism* (*everything is really mind*) as plausible.

## CHAPTER VII

### SOVIET RUSSIA TO-DAY

**I**N ATTEMPTING a picture of Soviet Russia's achievements and prospects one must keep in the back of one's mind these considerations: The economic and social life of Russia was in a state of chaos in 1917, owing to the failure of the Czarist régime to stand the strains of the World War. Moreover, even in 1913 Russia was, in the main, a land of illiterate peasants living in a feudalistic order but little removed from serfdom, and carrying on an agricultural economy with the implements of the fourteenth century in Western Europe. This mass of illiterate peasantry was covered with a thin veneer of Western culture. The mechanized industrialization was chiefly confined to the Western fringe. Many of the principal factories, for example, textiles, were in what is now Poland or the Baltic States. There was no strong middle class in Russia.

Furthermore, it is not possible for an outsider, in a few weeks and without knowledge of the language, to form any first-hand, well-grounded view as to whether or not the present régime has come to stay permanently. I can only record my impression that it has come to stay, that Russia is emerging into a powerful industrial nation and that it *seems* to be moving towards a more democratic Socialism. I shall only attempt to sketch the picture derived from considerable reading of the writings of foreign observers, personal conversations with some of them and a study of statistics of Russian achievements, supplemented by my personal observations. I went to Russia as an open-minded observer who did not believe in Communism for the Western nations. I came away more sympathetic, but still not believing in Communism for the West. The first impressions made on one American landing in Moscow are:

1. The evidence on every hand of great activity. The streets are full of people from morning until late at night. The trolleys,



buses and the Metro are filled, especially jammed when the day shift is over. The crowds are always quiet, orderly and patient—no noise, no pushing or jostling. The crowd flows along equably like a gentle stream.

2. The people do not look undernourished. No one is ragged. The clothing is rather drab. There is an absence of silk wear and fine shoes. But, in summer at least, the people look neat in their linen and cotton garbs and sneakers.

3. There are no beggars and no one is trying to sell anything or to sell their services as guides. Tips are not expected.

4. The hotels are quite well run, but not as efficiently as our first-class hotels. We found marked differences, better service and cleaner, in Moscow, than in Leningrad. On the whole, judging by the reports of travelers some years ago, there has been a great improvement. The train service, except between Moscow and Leningrad, leaves much to be desired. On the other hand, Intourist services are among the most efficient in regard to programs and especially in the intelligence and information of the guide lecturers, that I found in nine European countries.

The present status of the Union of Soviet Socialist Republics may be summarized as follows:<sup>1</sup>

*Construction.* Everywhere in the cities, especially in Moscow, there is great activity in the erection of workers' flats and public buildings, expansion of factories, paving and widening of streets, paving of roads, erection of power plants, canals. Moscow reminds one of Chicago forty years ago, but it is a safer place for the traveler.

In total industrial output Russia now ranks first in Europe and second in the world. It is first in Europe in its production of pig-iron, in mining and metallurgy, in machine building, and third in coal output. It is first in the world in the production of tractors and the construction of electric stations, and third in the output of electric power. It is first in sugar production. In

<sup>1</sup> This summary is partly based on personal observation and partly on the data supplied in the *U.S.S.R. Handbook*, Victor Gollancz, London, 1936, and in various official Soviet sources. These statistics are open to suspicion. I have found discrepancies in them. Moreover, I have grounds for holding that, in some cases at least, they are based on guesswork, if not on deliberate padding. With this warning I give the official figures. I have no elaborate data later than for 1935.

crude petroleum production it is now second in the world. In light industry (textiles, leather, and so on) the development, which lagged behind that in heavy industry during the first Five Year Plan, is now being rapidly accelerated. There is still a deficiency in good footwear and woolen clothing. In the food industry there has been rapid advance in processing—cold storage, canning, mechanized bakeries, dairying. The socialized sector in 1935 comprised 97.8 per cent of the national economy. The 1937 plan calls for a total industrial production of 103 billion rubles.

*Agriculture.* In agriculture there has been rapid technical reconstruction with collectivization. In agriculture there are three types of farms: (1) state farms (*sovkhoses*); (2) collective farms (*kolkhoses*); (3) private or peasant farms.

In 1936 over ten thousand state farms sowed 11.3 per cent of the total grain area, the entire socialized sector including collective farms, 97.4 per cent, and the privately operated farms 2.6 per cent. The State farms are State enterprises like any other. In the collective farms the peasants have perpetual leasehold and their own gardens, poultry, pigs, sheep, and cows. They cultivate the ground together. All draught animals, large agricultural implements, seeds, fodder, buildings, necessary for the use of the *artel* (coöperative), and all enterprises necessary for the working up of agricultural produce are coöperative. For urgent work, when the members of the *artel* cannot complete it by a given date, outside labor may be hired. Collectivized horses may be hired for the private work by members of the *artel*.

Payment for work in the *artel* is made in accordance with the quantity and quality of the work done by each member. During the year the collective farmers may receive advances up to 50 per cent of the estimated earnings. At the end of the year from the gross income is deducted the payments to the State, to machine-tractor stations, and refund of seed loans, a seed fund, sowing insurance fund, forage fund for socialized cattle and a fund for social insurance (invalids, old people, orphans, and the like). The quantity of grain remaining after these deductions is distributed among the members of the *artel* according to the number of days worked. The members dispose of their shares as they see fit.

In 1936 there were 445,000 farm tractors in use, 90,000 harvester combines, and 2,600,000 other farm machines.

On the collective farms the peasants have their own houses and land for private use. Many of them have public kitchens, as do the State farms.

Great advances have been made in the production of tea and fruits. In general the development of scientific methods and mechanization has much enhanced the yield of foodstuffs. The season of 1936 was unfavorable with drought in the early part of the season and fierce heat in July and August. Nevertheless, by deep seeding and early and quick reaping a larger yield was had in 1936 than in 1935.

With regard to the general effect on the peasants, the official observer of the United States Department of Agriculture, who had been employed for several years prior to the World War to teach scientific farming in South Russia, informed me that giving the land to the peasants has wrought a revolution in their attitude and work. Whereas at that time young farmers, who were as quick to learn as American farm boys, lost interest at about the age of twenty-five because their outlook was hopeless, now their interest and activity keeps up. They work hard, study agriculture and attend farmers' institutes, and write to their local papers.

*Finance.* The State Bank of the U.S.S.R. (*Gosbank*) is the only bank of issue. Other banks exist principally for financing different parts of the social economy on long-term credits. These banks have many branches. For example, *Prombank* is the long-term credit bank for Industry and Electrification. It derives most of its resources from the State budget. It debits an enterprise under construction with costs and, upon completion, credits it with an equal amount of assets. The Agricultural Bank keeps the tractors and combines for use on the collective farms. Profit is a bookkeeping item. When, for example, a rubber plant ships a carload of tires to an auto factory and the manager of the latter receives them, his bank deducts from his account the price of the tires, and the branch bank at the Rubber Plant credits it with the amount. Every productive enterprise, including farming, is supposed to sell its product at something above its cost.

However, when efficiency of production increases, costs go below the contracted selling price, and profits become bigger.

Profits are divided between the workers, improvement in the plant, the State, and the resources of Prombank.

There are over 58,000 branches of the Savings Bank. Russians save to buy State bonds and also to have accounts in the Savings Bank. The total internal debt of the U.S.S.R. is 20.6 billion rubles; unified national income nearly one hundred billion.<sup>2</sup> Savings on deposit totaled 3½ billion rubles at the end of 1936. National income for 1937 is given as 97,119,500,000 rubles, in rubles of the current value.

*Consumers' Cooperatives.* The entire body of these is operated through *Centrosoyus*, an elective body formed at All-Union Congresses of the Society. It includes about four thousand urban and forty thousand rural societies. It has nine branches—Haberdashery and Perfumery, Pottery and Hardware, Building Materials, Leather and Footwear, Cultural Goods, Commercial Equipment, Mail Order, Tailoring, and Matches. In 1934 there were 74,000,000 members with a retail turnover of 21,400,000,000 rubles.

It has organizations for the sale of manufactured goods, the purchasing and processing of agricultural products; various planning, purchasing, administrative, accounting, training, financial, and other departments. It includes coöperative baking and public catering. There are also agricultural and housing coöperatives. Besides the coöperatives are the State stores in industrial and transport organizations. The coöperatives did about 38 per cent of the internal trade in 1934, the State stores the balance. There are both State and coöperative restaurants. Many factories have their own kitchens.

Owing to the rapid pace of industrialization by mechanizing production without regard to private profit, there is no unemployment in the U.S.S.R. There is, indeed, a labor shortage. Emphasis is laid on social competition for efficiency—a mutual rivalry for raising the quantity and quality of the output, completing or overfulfilling the plan of work. The members of shock brigades who are in the front of achievement receive special

<sup>2</sup> R. Hellman, *Harper's Magazine*, Dec., 1936, pp. 79-90.

rations, holidays, trips abroad, and so forth. Individuals like Stakhanov who lead the way toward better efficiency receive public honors such as the *Order of Lenin*, longer vacations, automobiles, and trips abroad.

*Stakhanovism.* An example of Stakhanovite efficiency:<sup>\*</sup> In Moscow a bricklayer and two girl assistants laid 20,000 bricks in seven hours. This bricklayer alone laid 8,000 bricks in six hours. The regular wage is 13 rubles a day, but by efficiency this man makes 2,000 rubles a month. I have not space to report the method employed. It was an inside wall in which smoothness of the face was not required. The girls reported that they were not exhausted. They enjoyed the coöperative work, the plan for which had been worked out by the head bricklayer. It was to them an *interesting game in social emulation*. After hours they studied, attended the theater, and so on.

It is a most significant fact that the spirit of emulation in coöperative efforts for the common good, together with the beckoning vistas of endless improvement in living conditions for all by this coöperative effort, are working powerfully with the incentives of exceptional reward and the social honors conferred upon the leaders to produce a sustained spirit of endeavor that may cast into the shade the individualistic profit motive which has ruled in Western capitalism. There is no doubt that the Soviet goal is abundant life for all through coöperative democracy. The average output per worker increased 65 per cent from 1928-1935; and from 1935 to 1936, 22.4 per cent. Total industrial output for 1936 was 85,800,000,000 rubles. From 1930 to 1934 the national revenue rose from 35 billion to 55,800,000,000 of 1926-1927 rubles. In 1935 the revenue was 60,500,000,000 of 1926-1927 rubles.

*Wages.* Rates of pay are based on quantity and quality of work. Work involving more skill or greater difficulty receives higher pay. The best workmen may receive (1936), 4,000 rubles per month; the poorest about one hundred and fifty. Those receiving the highest wages are the leaders in efficiency. Officials may receive as high as 4,000 rubles a month. At one plant in

<sup>\*</sup> Summarized from an article by Sir Ernest Simon in the *Manchester Guardian Weekly*, Nov. 27, 1936, p. 436.

Leningrad the average monthly wage is 311 rubles. Technicians there receive 599 rubles. Average wages for 1935 were 2,271 rubles a year. The purchasing power of this amount would be about one hundred and fifteen American dollars of the same year.

L. Fischer stated <sup>4</sup> late in 1936 that wages had gone up 20 per cent in the last twelve months. On the other hand, prices of bread, shoes, and many articles of clothing are still too high.

*Hours of Labor.* The standard labor week is five days of seven hours each. Brain workers and minors between sixteen and eighteen work six hours daily. Night work is limited to six hours. The wage scale for each industry is determined by the Commissariat of the industry. The scale is higher for those industries requiring more skill—as the heavy industries. The individual factory wages are allotted by the director and the chairman of the workers' committee. In case of failure to agree, a representative of the Communist party is called in to arbitrate. There were in 1936 over 21.5 million members of the 154 trades unions. The unions control the regulation of wages, the relation of the workers to the employing agencies, their educational and cultural work, safety devices, housing, and social insurance. Trades unions have complete control of the funds for sending workers to rest-homes and sanatoria. All the workers receive from two weeks to a month's vacation with pay.

*Social Insurance.* Social insurance is compulsory. It is supported by the subscriptions of business institutions and private persons who hire labor. It includes: (1) medical aid; (2) temporary incapacity relief; (3) special assistance, such as nursing and burials; (4) unemployment; (5) assistance for orphans. A worker cannot be dismissed without the consent of the chairman of the Trade Union Shop Committee. He may appeal to a court of judges which are selected by the people.

*Housing.* One-half of the savings in factories must be spent in home construction. The housing situation is still bad, owing to the mushroom growth of industrial centers. Efficiency is low in building. Workers are often switched off from a partially finished apartment to something else. It is said that the proportion of

<sup>4</sup> *The Nation*, Vol. 143, No. 15, p. 412.

privately owned homes is greater in Russia than in the United States.

*Paving and Beautification.* One of the most striking features of Russian cities is the work that is being done in widening and paving streets, making tree-lined boulevards and parks with shade, grass, and flowers. The parks of culture and rest are very large, and throughout the cities the work of parking and beautification goes on. I was impressed by the care taken not only of the palaces but of the parks at Detsokoe (formerly Tsarkoe) Selo, and Peterhof as well as those in Leningrad and Moscow.

There has been a great expansion of municipal services—trolleys, buses, the Metro, water supply, and public health.

There has been an immense increase in roadways. In 1913 the road mileage was 24,300 km., in 1934 over one and one-fifth millions. Passenger and freight operations have multiplied over 300 per cent since 1913.

*Education.* Seven-year education is now required throughout the U.S.S.R. Ten-year universal education was introduced in the larger industrial cities in 1932 and will be extended to all parts. In 1936 the All Union Educational Budget was over 13,916,000,000 rubles. The budget for 1937 is 18,500,000,000 rubles.

There are three types of schools and institutions: (1) free schools; (2) special labor schools; (3) institutions for the protection of the homeless, or ill-treated juveniles and defectives. In 1933-34 there were: (a) in the school institutions (children's homes, day nurseries, kindergartens, and so forth), 1,582,000 children; (b) in elementary and secondary schools, 24,000,000 children; (c) in technical and factory schools, about one and three-fourths million students; (d) in 1935 in universities and higher technical colleges and high schools, 1,105,800 students. Students at the higher technical colleges and universities receive stipends, housing accommodations in student hostels, and free medical service. In 1936 there were 794 research institutes with 37,200 scientists, and 14,800 research students. There are also many college reading rooms, People's and Peasant's Homes, and Clubs (in 1933-34 about seventy thousand).

*Libraries.* The U.S.S.R. has now more than seventy thousand libraries with more than three hundred million books. The

Lenin Library in Moscow, now nearly completed, will house seven million books. Large libraries are being constructed in various provincial towns and cities.

*Research.* The U.S.S.R. spends a larger proportion of its national income on research than does any other country.<sup>5</sup> In the *U.S.S.R. Handbook* for 1936 are listed over 700 scientific research institutes and societies, 23 universities, and 228 higher technical institutes, and a number of miscellaneous higher educational institutes (such as "Soviet Law," "Northern Races," "Municipal Economy," "Journalists," "Theatrical Art," and "Cinematographical Art").

The Institute of Agriculture in Moscow has 10,000 scientists and 8,000 assistants conducting experimental research on plants and seeds gathered from the entire world for adaptation to Russian conditions.

A colleague informs me that there is more research literature in chemistry now being published in Russian than in French, Italian, and Spanish put together.

The characteristic features of Soviet scientific work are its elaborate organizations and the generous support given. Any line of research planned and approved by the Academy of Sciences in the U.S.S.R. is forthwith undertaken.

In England and the United States, plans for scientific research have been elaborated by experts with the approval of the National Government, only to fall by the wayside for lack of financial support. On the whole it is fair to say that in the United States scientific research mainly takes the following forms: (1) by-products of teaching in the universities; (2) products of laboratories supported by great private business corporations, such as General Electric, in the interests of the stockholders; (3) incidental by-products of Federal Departments, such as those of Agriculture and Commerce.

*Education of National Minorities.* One of the most striking features of the U.S.S.R. (in contrast to the treatment of minorities in Central Europe) is the treatment of National Cultural Minorities. General compulsory education was introduced, but

<sup>5</sup> J. G. Crowther, *Soviet Science* (New York, E. P. Dutton and Company), is my authority for this statement.



the children in the national republics and autonomous areas are taught their native languages as well as Russian. Many of these did not even possess a written language. The Latin alphabet was introduced and now 64 out of the 102 nationalities who possess a written language use the Latin alphabet. In the elementary schools over seventy languages are in use. There is also provision of higher educational institutions for the national minorities.

*Publishing.* In 1931, 834 million books were published; in 1932, 518 million, and in 1935, 3 billion. In 1913 the daily circulation of the 859 papers was 2,700,000. In 1934 the daily circulation of 10,000 newspapers was 35,500,000. In 1935 there were over twenty-one hundred periodicals with an annual circulation of 700 million issued in 48 languages. In 1936 there were 53,380 mass libraries with 105,295,000 volumes. There are ten State publishing houses.

*Literature and Art.* Literature and the Fine Arts are assiduously cultivated. There are notable productions, especially in architecture, sculpture, and the theater. There are 724 theaters, 28,600 cinemas, 71,700 clubs, and 228 parks of culture and rest.

The literature of Soviet Russia has gone through various vicissitudes. At first there was an attempt to regulate it like machine production. This broke down and has been abandoned. At present there seems to be more freedom; but within the limits of the acceptance of the Communist doctrines and practice. There is great activity in the publication of translations of classical and modern literatures of the best quality. Shakespeare is very popular. Of recent modern American and English authors, John Dos Passos, Upton Sinclair, Theodore Dreiser, Ernest Hemingway, Thomas Hardy, G. B. Shaw, G. K. Chesterton, John Galsworthy, Kipling, H. G. Wells, have a great vogue.

It is noteworthy that many of the highest incomes in the U.S.S.R. accrue to authors. It is held that an author is never engaged in exploitation, so he is allowed the revenue from the sale of his works. Some have incomes as high as 10,000 rubles a month.

Competent dramatic critics recognize that in Russia to-day the theater plays a greater rôle than anywhere else. It is a very

great educational, as well as recreational, agency. Indeed, recreation and education are not divorced in Russia as they are in the United States. Here education or cultural "uplift" is left mainly to the educational institutions. Music, the drama, and the cinema are for amusement, killing time. In Russia it is quite otherwise. The theaters are always filled. The workers themselves have many theaters, besides the larger theaters. The range of plays is very great, including the classics of the West from the ancient Greeks down. In the winter of 1935-1936 in Moscow the most popular play was *The Pickwick Club*; a close rival was *Romeo and Juliet*. In one week four of Shakespeare's plays were being performed in Moscow. Molière, Schiller, Galsworthy, Shaw and Eugene O'Neill were also popular. The total theater attendance for 1935 is estimated at 715 million persons.

Recently the manager and assistant manager of the Rutavelli Theater in Georgia (in the Caucasus) were decorated with the order of *People's Artist*, and presented with automobiles (equivalent in Russia to a large diamond or so). The opera is almost equally popular. The cinema has made great advances.

Indeed, in Russia they seem to be realizing, as nowhere else, the democratic value of esthetic enjoyment. It is customary to present factory and other workers with opera and theater tickets. The Moscow Metro is a thing of great beauty. In looking through a brief Russian *Who's Who* I was struck with the number of writers, composers, conductors, and performers who had received the order of *People's Artist*. It reminds one, on a huge scale, of little old Athens.

*Humanitarian Work.* The work for the reclamation of juvenile offenders and young criminals and prostitutes is very significant. *Bolshevo*, the first reclamation school (of these there are now about thirty) is very remarkable. It is a self-governing commune, now admitting juvenile offenders and young criminals between the ages of ten and twenty-two. Entrance and continuance are voluntary. The rules are made and enforced by the members of the senior class. The severest penalty is expulsion. Ninety-eight per cent of the entrants remain to graduate. They combine education, work in the factories, and play. There are two factories, (1) the boys' and men's manufactures—high-grade sport-

ing goods, tennis rackets, skis and sleds; (2) the girls' knit-wear factory. Both have the most modern machinery. The members live in dormitories in groups according to their special interests—music and dramatics, acrobatics and other athletics, writing, painting, and so on. There are special quarters for the married ones. On graduation the men enter the army. When they have completed their military service their criminal past is erased from the records. They have literally begun a new life. The same is true of the girls.

Besides the compound where the members live, *Bolshevo* has about four thousand graduates, and nearly four thousand who are not graduates living there. It is a fine commune with a good department store, restaurant, and athletic ground. This is the finest institution for the reclamation of embryo and young criminals that I have ever seen. The prophylactoria for the reclamation of prostitutes are also humanely and wisely operated. The story of *Belomar* is an epic of the building of the canal to the White Sea by criminals who were redeemed in the process. The story was repeated in the building of the Moscow-Volga Canal.

*Health.* Great progress has been made in preventative medicine, hospitalization, and health care. Russia now claims in its cities the lowest rates of cases among the most populous countries in typhus, typhoid, scarlet fever, measles, and diphtheria.

*Physical Culture.* Athletic sports are a novelty in Russia and are cultivated assiduously. I saw in Moscow and Leningrad the great annual *Physkult* days (July 6 and 12, 1936). In Moscow about seventy-five thousand participated, and in Leningrad nearly the same number. All day long they paraded to the Red Square led by bands and singing, and did their stunts. Groups with attractive color combinations in shorts and jerseys—football, tennis, rowing, gymnastics, wrestling, boxing, track, and field sports, and so on. They all looked vigorous and seemed to be enjoying themselves.

*The Standard of Living.* The standard of living in Soviet Russia is low in comparison with that in the United States for employed persons. On the other hand, there is no unemployment in Russia. In fact there is a labor shortage, due to the rapid pace of industrialization, the exploitation of vast hitherto untapped

resources and the aim of the Soviet Economy continuously to enhance the economic and cultural conditions of the good life. They say there can be no compulsory unemployment since the only limit to production in Russia (apart from the niggardliness of nature) is the satiation of the desires of the people. The niggardliness of nature can be much eased up by the application of science. It is difficult to compare incomes and costs in Russia with those in the United States, since the exchange value of the dollar in rubles is an arbitrary one and much too low. In 1936 it was 5 rubles to the dollar. To illustrate: In Moscow, I paid \$2.82 for laundry work that in the United States would cost about \$1.40. At the same time (July, 1936) a medium-size cucumber cost 65 cents and a pound of butter, \$1.40; the price of a simple luncheon at a leading restaurant would be from \$3 to \$4. Probably it would be fair, in translating Russian living budgets into American dollars, to make a ruble equivalent to five cents. A supply of bread, butter, potatoes, beef, sugar, eggs, and soap costing \$1.25 here, would cost in Moscow 23 rubles.

The typical monthly budget of 10,000 workers' families in large scale industry (the best paid) in 1935, as given in the magazine *Soviet Russia Today* for November 1936, is as follows:

Average number in family.....	3.80 persons
Average salary per worker.....	197.37 rubles
Total income per family.....	425.30 rubles
Total expenditure per family.....	329.92 rubles

The average income and expenditure for the workers' families have nearly trebled since 1930, and the prices of consumers' goods have fallen through the great increase in production. Bread, vegetables, eggs, poultry, and milk are fairly cheap. Meat products are not exorbitant in price. It is stated that, taking 1934 as 100, the average earning power per worker in 1936 was 191.6. With a reduction in prices there was an average increase in consumption of 29 per cent. In the first six months of 1936, as compared with the same period of 1935, there was consumed: 60 per cent more sugar, 21 per cent more butter, 30 per cent more meat, 70 per cent more fruit, 26 per cent more milk, 31.9 per cent more canned goods, and two and a half times as many eggs. Expendi-

ture on footwear and clothing has risen to 14.6 per cent of the total. There has been an increase of 30 per cent in the expenditure for furniture and 44 per cent for cosmetics. The income per soul of a worker's family in the first half of 1936 averaged 25.5 per cent in excess of that in the corresponding period of 1935. At the same time the worker has increased his expenditure for food only 13 per cent, because of the decline in food prices due to increased production and more efficient distribution. The cheapest item is housing, but room is still very scarce, in spite of the building efforts, because of the very rapid growth of the cities—300 per cent in Moscow since the Revolution. A man's woolen suit that might cost \$25 to \$30 in the United States would cost 600 to 700 rubles in Russia; a shoddy suit 150 rubles; a pair of shoes from 45 to 300 rubles. The quality of the food and clothing, except linen, was poor in 1936. There were no silk neckties for sale. I was told I could get 25 rubles (\$5) for a used one. Many articles of common use were poor in quality.

There is a great congestion in housing in Moscow and Leningrad. One room to a family seemed often the best available. Most of the tenements are very barracklike. The newer ones look better. On a State Farm near Leningrad the one-room family apartments had no rugs, carpets, curtains, or cushions—nothing but a bed, a plain wooden table and a few equally plain wooden chairs. The only pictures were prints of Lenin and Stalin. There was a fair-sized common kitchen. The place had central heating.

An American receiving \$250 a month would be better off in 1936 than a Moscovite receiving 2,500 rubles. An American receiving \$500 a month could live in luxury compared to a Russian at 2,500 rubles—the exchange value of \$500 in Russia. However, in comparing incomes in the U.S.S.R. with those in the United States, allowance must be made for the free social services in Russia—medical services, vacations with pay, recreational opportunities, free college as well as secondary education, very low rentals and promotion of coöperative building. Perhaps one should add 33 per cent to incomes in Russia on account of these services.

No American of any refinement would want to live as a Rus-

sian must in the same income group. Foodstuffs cost in the U.S.S.R. more than thrice the prices in the United States as well as being much less varied; clothing three times or more and is poorer at that; the Russian could not get an automobile unless it were presented to him. One item is much cheaper in Russia, and poorer: namely, housing. I saw but few bicycles.

*Freedom in the U.S.S.R.* The new Constitution of the U.S.S.R. gives equal representation, secret ballot and citizenship to all who are eighteen years of age, and not private employers for profit. Membership in the party is not necessary for election to office. It proclaims freedom of expression, but this statement must be taken in a very restricted sense. There is no freedom of expression for those who may criticize either the philosophy of Communism or the dictatorship, any more than there is in Fascist countries. There is freedom to criticize details of method and efficiency.

Edmund Wilson, an American socialist, writing in the *New Republic* <sup>o</sup> of his sojourn in Russia in 1935, says:

The atmosphere of fear and suspicion is really pretty oppressive. It has evidently become more tense since the Kirov assassination. A foreigner cannot talk to them about politics at all, least of all about the Kirov affair. If you venture to ask anything about it, they either refer you to the official statements, or start to explain and then break down, protesting that it is all very difficult for a foreigner to understand. If Americans discuss these matters at a gathering where there are Russians present, the Russians pick up books and begin to read. I came away from Russia knowing almost as little of Russian politics as I had when I arrived.

Wilson writes of Stalin as an Ikon. Stalin's picture confronts one at every turn. It is the face of an iron man, quite unlike the kindly benevolent face of Lenin. Since I left Russia there have occurred the two trials and executions of Zenoviev, Kamenev and others. According to Mr. Britt, an English K.C., the trials were fair. I have gone through the report of the second trial: "In the case of the anti-Soviet Trotskyite Centre heard before the Military Collegium of the Supreme Court of the U.S.S.R., Moscow,

<sup>o</sup> *The New Republic*, Vol. LXXXVI, No. 1117, p. 341.

January 23-30, 1937."† It reads like a fusion of a super Phillips Oppenheim novel of international intrigue with a Dostoevski novel. Whatever be the truth as to Trotsky's relationships with the accused, it seems to me improbable that the trial is a whole-sale frame-up. The report has too great verisimilitude for all the examinations and speeches to have been faked. Several things are clear and stand out in the speeches of the accused, especially of Pyatakov, Radek and Sokolnikov. First: that a group of party members regarded the too rapid pace of industrialization and the ruthless drive towards agricultural collectivization as headed towards failure and probable ruin, and were very skeptical as to the possibility of establishing complete socialization in Russia alone. Second: that the members of this group really did engage in plots to overthrow the present Soviet régime.

My own guess is that these men were Marxian fundamentalists, fanatically orthodox Communists who held that Stalin was an apostate since he was not actively promoting the world revolution and dictatorship of the proletariat. Stalin's methods remind one somewhat of Peter the Great's. He is primarily interested in building up the economic and cultural life of Russia. He is a Russian nationalist and probably does not wish to embroil Russia in a great war through overt interference in the affairs of other countries. With their combination of fanatical zeal and egotism the accused had probably plotted against the present régime. Trotsky's connection with the plot is not clear.

I do not doubt that the great majority of the Bolsheviks support Stalin. I do not wish to see such dictatorial methods imported into any free country. But we must recognize that this terrorism is only a continuation, in a milder form perhaps, of the methods of older Russia. It may be necessary there and it may not. At any rate, although I was hindered by my ignorance of the Russian language from getting much first-hand information, I did learn from Soviet citizens who had lived in America that fear and suspicion are still rife in Russia. Indeed, the following

† Published by the Peoples' Commissariat of Justice of the U.S.S.R., Moscow, 1937. On the first trial see Sir Bernard Pares in the *London Spectator* for Sept. 18, 1936, pp. 447-448.

personal experience illustrates one aspect of the present dictatorship.

When my wife and I entered Russia at Negoreloye on July 2, 1936, I had in my baggage the following books: *Histoire de Bolshévisme* by Arthur Rosenberg (a German Communist not to be confused with Alfred, the Nazi leader); *Alt-Germansche Kultur*, an archaeological work which I expected to use in the museums at Stockholm and Oslo; an official statement, in French, of the laws governing the relations of Capital and Labor in Fascist Italy; and two German pamphlets on Race, Culture and Nationality. These were all taken from me. I was given a receipt for them. I asked that they be sent to my Stockholm address. I received them, with one exception, six months later at home.

My general impression, confirmed by Americans (not Communists), who have a much more extensive and intensive knowledge of Russia, is that Russia is traveling, as rapidly as one could expect considering its former illiteracy and agricultural and industrial primitivism, into an industrial social democracy. I regard the differentials in pay, the social decorations for achievement, the emphasis on scientific education, the emphasis on the dignity of a Soviet citizen, the restrictions on divorce and abortion, the emphasis on the family, and the new Constitution as proofs of this trend.

It is not Capitalism, since there is public ownership of the means of production, but it is a realistic Socialism which recognizes gradation of ability. It has a vast bureaucracy with the inevitable defects thereof.

I spent twelve days in constant observation in Russia. During a six months' tour in Europe I visited all the countries except Hungary, the Balkans, Holland, Belgium, Denmark and Switzerland. Nowhere else did I sense a social atmosphere of so much buoyancy and forward-looking as in Russia. The sleeping giant is awake, is being led and, when necessary, prodded hard by men of great ability and fanatical devotion. Stalin is perhaps the greatest living coördinator of national policy.

On the other hand the Soviet system is a ruthless and dogmatic dictatorship. There is no intellectual freedom. With all their progress towards literacy and scientific education, the



state of mind of the Russian people in regard to the rest of the world is a mixture of ignorance and misinformation; very like the absurd misconceptions that I found in Germany in regard to Russia. The effects of lying propaganda seem to me more tragic in the case of Germany which was once a land of unfettered learning.

In Russia the living standards are very low, the housing and sanitation very bad, the social insurance very ineffective, the quality of production very poor. Still they are on the move, and there is an air of zest and hope. The Westerner visiting Russia must assemble a mental picture of Czarist Russia, and make due allowance for the technological and cultural primitiveness, the ethnological mixture, and envisage the staggering vastness and complexity of the task of modernizing Russia. When he has done this, one observer at least feels that Russia may become a great new and more democratic civilization, but he prefers that this immense experiment be performed on the Russians first.<sup>1</sup>

<sup>1</sup> Since this chapter was written the Russian situation has grown more puzzling. Eight generals have been shot. Many other persons have been arrested and either executed or imprisoned, being charged with sabotage, espionage, and treason. It is evident that there is a great struggle for power going on in Russia. Probably there are several factors involved. First: The attempt to speed up production, to industrialize the country so as to catch up with and overpass the United States of America, has resulted in too much haste, too much human strain, and abuse of and injury to, the machinery. Stakhanovism has been greatly overdone. The tempo of industrialization has slowed down and scapegoats must be found. Second: More serious than the first cause is probably the opposition to Stalin's policy. He has been moving towards greater coöperation with Western bourgeois democracy. Russia entered the League of Nations, made defensive agreements with Czechoslovakia and France and has given up the Messianic mission of making the whole world communistic by fomenting revolutions.

At home the emphasis on efficiency as the criterion of reward, the stratification of society, the growth of an official class and the nationalistic emphasis all point in the same direction.

Now, such a situation brings together honest and fanatical devotees of pure Communism who feel that it has been betrayed by Stalin, disgruntled malcontents who have failed to get what they wanted; all who from honest zeal, disappointed ambitions or plain crookedness are against the government.

Third: There is no doubt, in my mind, that the Nazis as well as the Japanese have been busy all the time fomenting trouble, sabotage, and treason, in the U.S.S.R. One thing we must give the Nazis credit for—frankness in regard to their expansionist aims. Repeatedly Hitler has said that Germany must expand eastward and southward. The *Drang nach*

*Osten*, which was the central policy in German ambitions before the World War, appears again, united with the demand for colonies. It is most significant that, at the Nuremberg Nazi Congress in September 1936, Hitler and others spoke in enraged accents of what Germany could do with the Ukraine and the Russian mineral resources. These speeches came just after the Russians had carried out, without apparent upheaval, the August trial of the so-called "Trotskyite Center."

It is not necessary to believe all that is charged by the Soviet press or authorities in regard to Trotsky's activities to understand how, in a vast country in which years of enormous stress and strain have intensified a sociopsychological atmosphere—long charged with plots and agitations punished and repressed through espionage, exile, and execution—there would come to a head a wild mixture of fanatical devotion to the pure milk of the word Communism and of less reputable motivation. The atmosphere of suspicion, espionage and plotting has long been rife in Russia. It seems lately to have assumed the dimensions of a witch hunt, as Mr. Walter Duranty says.

People in the free nations are shocked by the wholesale severity of the latest Russian purge, and skeptical about the officially published grounds. It seems to run directly counter to the claims put forth for the new Constitution. *Such ruthless struggles for power support the liberal democrat's contention that a legally recognized opposition is a great safety valve in the complex phases of government today.* But perhaps those who conclude that the present crisis in Russia shows that the Stalin régime is tottering on the brink of the abyss are indulging in wishful thinking. No one can foresee the future of Russia fifty or even twenty-five years hence. I retain still the impression that the present policy will last for some time. If I were a German or an Italian I would not bank very much on the speedy collapse of the U.S.S.R. See Walter Duranty, "The Riddle of Russia," *The New Republic*, Vol. XLI, No. 1180, July 14, 1937; H. N. Brailsford, "The Russian Executions," *The New Republic*, No. 1182, July 28, 1937, and Wickham Steed, "The Crisis in Russia: The Long View," *The Atlantic Monthly*, Vol. 160, No. 4, Aug., 1937, pp. 163-173.

## CHAPTER VIII

### COMMUNISM AND DEMOCRACY

THE PROPOSAL that we should do best to adopt Communism is foolish in the extreme, since it ignores the enormous differences between our social situation and its antecedents, and those of Russia at the time of the 1917 revolution. Four reasons against its adoption are:

1. We have no need whatever of a drastic dictatorial regimentation as a means of installing an efficient system of mechanized industrial and agricultural production and distribution. Soviet Russia has not yet, under her dictatorship, arrived where we are now, much less where we were in 1929. In 1929 our actual production was only 80 per cent of our possible production with the machinery we then had according to the Brookings Report. According to Harold Loeb and his associates it was only about 69 per cent of our then possible production. Our failure even then to produce more was due primarily to lack of a sufficiently widely distributed buying power. In order to stimulate production to higher levels it is necessary to redistribute incomes more equitably.

2. It may be said that we shall never produce enough for consumption adequate for the good life for all, as long as the private profit motive operates, because private enterprise will only operate freely under the stimulus of large profits. But in many lines large sales at small profits is the rule. Moreover Soviet Russia does not dispense with the profit motive. It comes in in other forms—in differential rates of pay, bonuses, and in preferred jobs and social recognition. I found that on a State Farm wages varied all the way from 6 to 25 rubles a day, and that in factories in Moscow they varied from 250 to 2,500 and more rubles a month. The rates of pay sometimes vary as much as in the proportion of 10 to 1 in the same industry. Industries and agriculture are organized into state trusts and coöperatives.

Distribution is in the hands of coöperatives subject to the State, as well as in State stores. In all these forms of activity profits are expected. Profits are the surpluses over and above what is expected to be done with average efficiency under normal conditions. Profits are split, for example on a State Farm fifty-fifty. One half goes to improvement on the farm. The other half to distribution among the workers according to the value of their contributions as measured by their wages. The wages are based "on the quantity and quality of the work done." Soviet Russia is succeeding in part by using differentiation of reward as well as competition.

3. But, it will be said, when the means of production are the property of the State as the organ of the entire people, swift profits and swollen fortunes are impossible. That is true. But it is quite possible by regulation and taxation to prevent swollen fortunes, to expand voluntary coöperation among consumers, and where the private profit motive does not suffice, as in the case of low cost housing, transportation, power, and so on, by public enterprise to make up the deficiency without going wholesale into Socialism. If within the next twenty-five years the real incomes, in terms of the needs and comforts of living and opportunities for culture in Russia, should be quintupled, the Soviet Communism will have proved its case and it will be up to every intelligent people to adopt a comprehensive Socialism. It is possible that this may be realized. In the meantime the U.S.S.R. is a challenge to the west, a menace to those who set self-aggrandizement above the common weal. The only alternative for the rest of the world is a wider spread of equity of opportunity and private ownership.

4. Even if it were demonstrated that a system of thorough-going Communism did result in equitable distribution and a nearer approach to a consumer's paradise, it is still questionable whether on the whole it would be better. Espionage, iron regimentation, together with bureaucratic special privileges and tyranny, are heavy prices for a *free people* to pay for the *chance* of a mite more bread for those who now have least. There is no question that now in Russia the bureaucrats not only enjoy the sweets of power; they also enjoy better pay, better housing,

than their fellows. They are the only people who have the use of automobiles. Special privileges and favoritism have not been abolished.

Human nature has not been miraculously new-born in the communistic religion. I am not discussing the question whether Russia could have made such great advances under any other system. That is an "academic" question to which there is no answer. The fact is that Bolshevism was the only system left in possession of the field and that, on the Russian soil and human material, it seems to be making good. It is firmly entrenched.

I am arguing against substituting, in a very different social situation, a traditional dictatorially regimented Communism for liberal democracy.

Before we give up, in despair, our free democratic processes of governance and control for any dictatorship, *let us try to mend those ills we have, in our own way*, rather than fly to others that we know not of. It is equally foolish to condemn the Soviet communistic experiment because it has not achieved what we in the United States have achieved, and to propose its importation wholesale as a remedy for our social ills. It should be judged from its own base line and not from ours. When it is so estimated it becomes clear that it is not a panacea for us.

Russia in the main was, when the Communists came to power, a primitive economy of illiterate peasants with a flimsy superstructure of Western Capitalism and culture bossed by an incompetent autocracy which had gone to pieces under the stresses of war. It was in chaos. By a shrewd appeal to the interests of the poorer peasants and the industrial workers Lenin came to power. With extraordinary insight he guided the New Soviet Republic through Civil War and Intervention to the foundation of a communistic system. He compromised for a time with private enterprise in the New Economic Policy. His successor Stalin saw the futility of attempting a world-wide revolution and concentrated the energies and resources of Russia on the upbuilding of a modern mechanized system of production. Great things have been achieved thereby, by a people starting almost from zero. In this process of westernizing Russian life enormous efforts and immense suffering were entailed. Ruthlessly, large numbers

were permitted to starve. An iron dictatorship, with espionage and compulsion by terrorism, has been in operation. Even those who cooperated suffered from lack of the comforts of life, even from lack of what we regard as necessities. In the first Five Year Plan, and in part in the second Five Year Plan, heavy industry was given right of way. Now that the Russians have reached the front rank in heavy industry, in capital goods, they are turning their efforts towards an adequate supply of consumer's goods. There is sufficient food and clothing of poor quality. The comforts and luxuries will come. It is not a classless equalitarian society. The principles of distribution are "to each according to the quantity and quality of the goods he produces or the services he renders." Emphasis is laid on efficiency as the measure of reward.

On the other hand, there is work for all in building and operating the productive machinery, in transportation, housing, education, and science. There is immense activity. Education is freely open to all. Those who are qualified to enter the universities receive stipends.

Nazi Germany and Soviet Russia are quite similar in their *regimentation of industry, opinion, education, and culture. But at the present time (January 1937) they seem to be moving in opposite directions.*

The Nazis are tightening the reins. The education of the youth, religion and even art, no less than the economic life of both laborers and capitalists, are being more and more sternly bound to the chariot wheels of the Nazi triumphal car (or Juggernaut). On the contrary, the Russians are loosening up, as they progress in industrialization or mechanization of the economic life. They have adopted a constitution largely modeled on those of liberal democracies, without abandoning their socialized production and distribution. They are apparently allowing more scope to the free play of individuality in the field of culture. They are stimulating individual cultural leadership, individual efficiency (for social ends) and creativeness, by both increased material rewards and public recognition. They seem to be honestly and consistently aiming at the equalization of opportunity for recreation and culture. Given time enough, the Soviet Experiment may change the

face of planetary civilization—perhaps within fifty years. Those critics who think that an economically and culturally primitivistic Russia in chaos should have been made over into the economic and cultural Kingdom of Heaven in twenty years time seem to me singularly devoid of either historical imagination or knowledge or both.

The most serious obstacle to the success of Communism is the incompetency, laziness, favoritism, and graft involved in a vast bureaucracy. In any system of complex large-scale production and distribution, bureaucracy, which only means an office staff of directors, managers, and subordinates down to plain clerks, is involved. There are waste, incompetency, favoritism, laziness, and dishonesty in the bureaucracies of private Capitalism, but there is one great check on bureaucracy under private Capitalism—the *enterprise must make a substantial profit, and the more efficiency the more profit.*

Now, under Russian Socialism, the various state trusts, for example, the steel and iron or the textile mill, must make profits. There is a large measure of autonomy in each of the great state trusts. Nevertheless, there must be coördination and subordination. Within each factory criticism is encouraged and there is a socialized competition like team work in athletics. The Bolsheviks have found, too, that all initiative cannot be left to the workmen. There must always, within each industry or factory, be some one or a few who have the final "say so." There must, at the top, be some one, or a small group, who have the final "say so." At the present it is Stalin and the Polit Buro. It is the Communist party, which controls through an oligarchy. This oligarchy, in order to keep its power, must put in places of direction, superintendency, and decision, men who are influential in the party councils. Industry is controlled by politics. There is always the danger of the spoils system, even with a high average of honesty and devotion. There is much incompetency and unnecessary red tape. Sympathetic observers of the Russian system admit this. In all likelihood there will be more red tape, inertia, useless and thwarting routine, incompetency, inefficiency, and less variety and productivity under a complete socialistic régime than under private capitalism, and less speed and ef-

iciency in distribution. On the other hand there will be much less waste, due to making worthless changes like yearly changes in the models of the automobile, or new fashions which are not really improvements. There will be less fraud. Advertising waste will be eliminated. Of course, the Communists say that the bureaucratism is transitional. Great efforts are now being made to reduce bureaucratic red-tape with its waste of time and materials. The Communists argue that under complete Communism the State will wither away. Industry will be democratically self-governing. This is nonsense. There must always be individuals or small groups at the top, with whom rest the final decisions with regard to coördination of products, rates of exchange and reward for industry as a whole. In the degree in which the economic life of a people, on which depends the cultural life, is socialistically organized, just in that degree is regimentation and bureaucracy inevitable; and bureaucratism in the bad sense is an ever present danger.

The two most basic objections to complete Socialism are the following:

1. It would involve necessarily for its fulfilment, an all-inclusive dictatorial regimentation of a militaristic character. It does so in Soviet Russia. Notwithstanding the democratic aim of Communism it has been found necessary that subordinates *take orders* from their superiors and implicitly obey them. The director of a single factory is held accountable to the Commissariat for that industry; the Commissariat to the Council; the Council to the Polit Buro. I do not question the necessity of such an order in a vast country with a semi-oriental mentality which hitherto has been accustomed to serfdom, primitivism in industry, espionage, intrigue, and terrorism. But we in the United States, like the British and French, have grown up in a social atmosphere of freedom of initiative, variety, vigor, and spontaneity. After all, notwithstanding our confusion, waste and muddling, it is this atmosphere which has given zest and go and charm to the American scene. *Let not age wither nor regimentation stifle our infinite variety.* We have had already too much regimentation from two quarters—(a) from sheeplike mentality fostered by mass education; and (b) from the tyranny of concentrated financial



power. I, for one, would much prefer that we break up the concentrated power of great wealth and strive to liberate the individual to be a person: "Surely the individual, the person in the singular number, is the more fundamental phenomenon, and the social institution of whatever grade, is but secondary and ministerial. The best Commonwealth will always be the one that most cherishes the men who represent the residual interests; the one that leaves the largest scope to their peculiarities."<sup>1</sup>

2. To be efficient, a system of completely Socialist regimentation would require a large oligarchy of supermen, of well nigh omniscient beings. Consider what stupendous knowledge would be necessary in order to allocate to the various industries the right numbers of all the thousands of articles we use—from threshing machines to pins, from great dynamos to electric dishwashers, from luxury foods to milk and butter, from furs and silks to cotton goods, from sporting goods and golf sticks to tiddly-winks and ping-pong sets, from mechano sets to rubber animals that squeak!

The Russians are not doing it efficiently now. If they are to have enough in number and variety of all sorts of things, they will have to make more room for individual initiative.

### 1. COMMUNISM AND INDIVIDUALITY

If the aim of democratic equalization of opportunity has its roots in the recognition of the universal value of individuality, then any system which suppresses individuality, in order to equalize opportunity, is self-defeating. If Communism molds all individuals into a common pattern, then it results in the extinction of a most precious trait of human life. The difference between one man and another is not great, but that small difference is very important.

The Communist will reply to this objection somewhat as follows: Under the régime of machine production in economic collectivism—the training and directing of individual wills in the one direction of the collective production, on the grand scale,

<sup>1</sup> William James, *Memories and Studies* (New York, Longmans, Green and Company), p. 103. Reprinted by permission of the publishers.

of the needs and conveniences of human living, so that there may be a plenty of goods and services with ample leisure—this whole grand collective effort, is the indispensable condition for the liberating of human individuality to pursue, in its leisure—with all the means of education and equipment democratically distributed—the satisfaction of curiosity through science and culture; of the sense of beauty through the enjoyment of nature and art. So far is it from being the case that Communism destroys individuality, its collectively organized efforts are aimed just at the releasing of individuality in all the members of society. The Communist argues, in reply to the objection that the ideal interests of art, science, and learning are being sacrificed by Communism that, in fact, they are being given fuller scope. No one will be shut out from the opportunity to satisfy his intellectual and esthetic interests. Those who write and paint, who sing songs and compose music will have far vaster and more appreciative audiences, when all the people have had an opportunity to cultivate their intellectual and esthetic interests. If the actual intellectual and esthetic aims of Communism now seem narrow and limited and one-sided in their collectivistic emphasis, that is due to the urgent need of concentrating on the great aim of remolding the social order, an aim which is being carried out under great difficulties, with machinery as yet wholly inadequate, and in the face of hostility on the part of capitalistic countries.

The aim of Communism is great and noble. It is to replace the system of work for private profit by a system in which all men work together for the good of all. It aims, by a system of complete coöperation, to lift all the members of society to the highest possible level of physical well-being, comfort, mental development, culture, and art. Russian Communism has made notable progress in the industrialization of Russia's vast domain, in the spread of education, in provision for the care of health and recreation. Possibly it is achieving a higher general level of enjoyment of art than exists in the West.

The question for us is whether, with our tradition, mentality, and present position in industry, Communism would not be purchased at too great a price; whether for us it would not mean

retrogression and loss of certain precious values in life. It is not just a question of whether we might not have to endure some discomforts and distress, whether in the gradual transition or revolution we might not go backward for a while in production. We would, but the issue lies deeper than this. Communism does involve the drastic regimentation of the individual's life in great detail by violent and bureaucratic methods. Now I admit that more regimentation of economic life may be necessary and inevitable. Indeed it is. *An economic revolution has already taken place.* We are both enjoying its good fruits and suffering from its abuses. The system of domestic production without the concentration of the control of economic power in vast enterprises, without great inequalities in economic power, has gone never to return (unless we revert to savagery). The economic power of the holding corporation means a socially irresponsible collectivism. It means that an increasing proportion of human beings are regimented. The day is past when one can go out into the wilderness and clear up a home and a living, with the neighbors doing likewise. Even the farmer is a much more socially dependent being for his economic life than he was fifty years ago. And in towns most people work either for, or subject to, large business concerns. The crucial question is this—whether this collective interdependent life for the great majority of individuals shall be irresponsibly regimented by a few who manipulate it to satisfy their greed for gain and power; or whether it shall be responsibly regimented by the State which is responsible to the commonalty for the guardianship of the common weal. There can be no hesitation here. The economic activities of private persons must be controlled for the common good. The crucial problem is: To what extent and by what methods?

## 2. MIGHT THE UNITED STATES GO COMMUNIST?

There is not much likelihood of the United States going Communist by revolution in any discernible near future. Nor much more of its going into thoroughgoing Socialism by democratic methods. The strongest force in any large and fairly well established society is the *social ethos*. This is the whole social com-

plex of a civilization. It is made up of established institutions, ways of feeling and action, in other words of the traditional sociopsychological habits—the mores or folkways of a society. Hegel was right in saying that we are all suckled at the breast of the social ethos. Now, the social ethos of the United States is bourgeois or middle class. There are no sharply defined and persistent class lines here. Of course, in terms of income we may draw class lines. The 21 per cent in the below-\$1,000-yearly-income class in 1929 may be called a proletariat. Most of them have but little property. But many of this group are not proletarians in spirit. They may own a home or a farm, however poor. They are always hoping to rise in the income and property-owning scale. Those families whose incomes are from \$1,500 to \$5,000 (36 per cent) are certainly unwilling to be classed in the propertyless group—the proletariat. They may own homes, many of them have cars. The United States was settled and developed as a middle-class paradise-to-be. Until recently there was always hope on the horizon—hope of rising in the economic and social scale—hope of not merely keeping up with, but of passing, the Joneses. The vast majority of Americans own little or no *productive* property. The chief group in the lower income groups that own productive property is composed of farmers—with not very productive property. (I put \$4,000 for an average city family as the income which would satisfy a good standard of living in the American sense) Outside the farmers, those in the \$2,500-and-over income groups own chiefly their homes and furnishings, radios, cars, life insurance, some “securities,” stocks and bonds. What they want is not to recede in their standards of living. They want security of modest income with power to retain their personal property (including the home and the car); that is, security in a modestly remunerative job, security for their dependents, and security against disability and old age. At present they try to get security by life insurance and very small investments. The investment securities are often insecurities.

American Communists are mistaken in their tactics. They cannot persuade people with incomes from \$1,500 to \$5,000 to regard themselves as members of the proletariat. Nor, on the

other hand, in so far as there is a proletariat in the United States (and its relative size has greatly increased) can they be induced to put over a revolution. They lack the energy and interest. What the intelligent members of the proletariat want is to rise into the middle class. The Communist tactics in the United States start from false premises. The only chance for social reconstruction lies in the middle class. Let them be persuaded that rugged individualism is played out and they will be ready for quite a drastic social reconstruction—but not for a wholesale Socialism engineered by a dictatorship like that of Russia.

It is true that an alarming proportion of Americans are economic and sociological illiterates. This statement is borne out by the vogue of the Townsend plan and Utopia. What the middle class here needs is an education that will convince them that a democratic coöperative commonwealth is the only type of social structure in which they can preserve what is of value in their bourgeois democracy, and have a fighting chance of getting a decent livelihood with security for the future.

The United States is far more likely to go Fascist. Indeed there are many symptoms now of coming Fascism.

It is argued by English-speaking Communists that there is not now the enjoyment of effective civil and political liberties under Capitalism—that the workers are hindered in the exercise of these liberties in two ways: (1) If they express "radical" opinions, and especially if they attempt to organize or to propagandize, they are fired. Espionage actually exists in large concerns. (2) The costs of publication and organization for political action are so heavy in America and Great Britain as to be prohibitive. The newspapers and radios are in the hands of big capitalists, who either suppress or destroy any socialistic propaganda. The costs of running a national campaign are enormous. In the 1936 campaign the Republicans spent over \$7,400,000, the Democrats about \$3,500,000. Consequently, argues the Communist, these liberties, which are precious when enjoyed, cannot be fully enjoyed.

There is much truth in the Communists' criticism. The influence of Capitalism does succeed in preventing the spread of

socialistic propaganda. It goes so far as to have the communistic candidate for President arrested as a vagrant and jailed, then released after the scheduled time is past, to prevent his speaking at a public meeting (the Terre Haute affair). State laws against "criminal syndicalism" and "communistic" propaganda are so sweepingly phrased, in many states, that it is very easy to get agitators arrested and imprisoned. There have been a number of such cases, as Angelo Herndon and others in the West and South. One can be arrested as a "suspicious person." Investigators of conditions in strike areas are run out, and even beaten up.

Nevertheless, the Communist overstates his case. The lack of enjoyment of full civil liberties is due primarily to the mental attitudes of the majority of the citizens, who are either indifferent to these violations or actually support them because they fear Socialism or Communism. Logophobia (fear of certain words) is characteristic of large numbers, perhaps the majority. The fear increases with the increased facility in the dissemination of sensationally distorted news. In Germany the great bogey phrase is "Jewish Bolshevistic Barbarism"; in Russia it is "Fascism"; in the United States, "Socialism" and "Communism." The record of a good many members of the American Legion in violating the Bill of Rights has been pretty bad.<sup>2</sup>

The 1936 National Election supports strongly two propositions: (1) The great majority of American voters will vote against the influence of most Big Business, which was in the main against Mr. Roosevelt, and against the influence of 80 per cent of the newspapers. (2) The majority of Americans, not being experts, do not know just what they want; but obviously they want greater social control of the economic life for equalization of opportunity, provided it is not called "Socialism." They want a socially controlled Capitalism—a compromise. They were not deceived by the cry that Mr. Roosevelt is really a tool of Moscow, nor even by the assertion that he is a Socialist. On the whole, civil and political liberties still function in capitalistic United States of America.

<sup>2</sup> See the *American Civil Liberties Union's* Report on this topic.

## 3. THE RÔLE OF THE MIDDLE CLASS

The middle class has been the chief source of social progress in Western civilization. They have built up this country. It is they who developed and have supported popular education, colleges, universities, literature, art, science, liberal religion. A starved and sodden proletariat cannot do these things. Exceptionally endowed individuals may, by dint of mighty efforts, rise from the hopeless "have-nots" into the middle class. The finest feature of our American ideal has been to keep the door open; so that every one would have a fair chance to rise into, and to rise in, the middle class. We have aimed at a middle class that should not be in the middle but that would in principle include all—no permanent upper or lowest class. Our aim has not been achieved; but we have aimed at equality of opportunity, not at economic equalitarianism. We have believed in liberty of expression of opinion on matters political as well as intellectual and spiritual. We have aimed at giving as much free play as possible for individual effort, for initiative and freedom of movement. The very essence of democracy is social freedom and equality of opportunity for the expression of individuality. The momentous problem that we face is—how to preserve this precious good of individual opportunity, initiative, and freedom in the midst of an actually collectivistic economy?

The democratic way of dealing with this problem is to go ahead experimenting bit by bit; by open discussion, by choosing representatives and agents, by amending our institutional machinery in politics and laws here and there where it appears necessary; but by *common consent*, after debate and conflict of opinion. This, of course, is a slow, confusing, halting method; but it is the democratic way to keep to the middle-class ideal and alter our machinery to put it into effect by open covenants arrived at through debate in the public arena.

What is the alternative? Violent revolution, setting up of a dictatorship of the proletariat or a fascistic dictatorship based on wealth, suppression of open discussion, beating up, imprisoning or shooting all who disagree with the dictatorial clique and their henchmen. I do not believe that the only alternatives are,

as yet, continuance of the abuses of the old era or a dictatorship based on violence. But if I did I would choose the continuance of the old economic order. I am not willing to exchange freedom to discuss, criticize, vote, for any scheme, however coherent and logical, to deal with abuses, which is based on brute force, the appeal to mob-emotions, the suppression of open discussion and free criticism.

It may be that there is not sufficient intelligent fair-mindedness and power of control over the emotions in our democracy to enable us to face and solve the tremendously complex and urgent problems of the present. If so, then democracy will die and we shall succumb to the rule of mob-emotion and a dictatorship. If this is what is coming I hope to die before it arrives. If I do not I shall probably be shot.

Communism and Fascism both mean the suppression of the American ideal of individual freedom of discussion and action by the concerted intelligence of free men. Let us stick to our faith in the fair-mindedness and potential intelligence of the common man and woman and try to work out, by democratic experimentation, a social control over the economic order without extinguishing our tradition—freedom of criticism and initiative of change by voluntary coöperation.

#### 4. COMMUNISM VERSUS LIBERAL DEMOCRACY—CONCLUSION

Up to the Bolshevik Revolution Russia was really only on the fringe of Western civilization. It was, in the main, a backward peasant economy ruled by an oligarchy. Russia had never experienced the Renaissance nor the Industrial Revolution. Neither the methods nor the results of Western science were widely disseminated. They were known only to a few. The country was industrialized only in a few spots, mainly in European Russia. Peter the Great had attempted, two hundred and fifty years ahead of his time in his own country, to westernize it. Lenin and Stalin are the true successors of Peter the Great. Now, while the older capitalistic West (of which the United States of America is the gigantic eldest son) looks on with suspicion and fear, Russia is being westernized at a swift pace. Science and



mass production are its guiding stars. Russia is being "Americanized" in the sense that Americanism means mass-production on the great scale. But Russian production is being mechanized for equitable distribution of the products to all, including education. For a religion of submission now to the autocratic powers that be, with compensation hereafter, has been substituted the religion of the equalitarian self-realization by man of his natural capacities in this world. Russia is using the methods of Western science and the instruments of Western Mechanical Industrialism to destroy special privileges, to open to all the way to the goods of the earth, to undermine other-worldliness and to enthrone in its stead a democratic, this-worldly humanism. Can it succeed? If it does, what will be the effect on the older modern West, of which politically the United States is the most ancient part (living in the eighteenth century individualism)? I cannot answer either question. But the answers, whatever they be, will determine the fate of Western civilization. Make no mistake about it. Soviet Russia is a tremendous challenge to Western Capitalism!

## PART II

OUR OWN SITUATION: DEMOCRACY,  
LAISSEZ-FAIRE, AND THE MACHINE



## CHAPTER IX

### DEMOCRACY AND THE MACHINE

#### 1. INTRODUCTORY

THE TERM DEMOCRACY has several meanings. *Political democracy* is government of the people, by the people, for the people. The *people* by whom democratic government is exercised are all adult citizens in the possession of their normal faculties and not in the military service. Political equality means that all such citizens, whatever their financial status, are equal with respect to the basic rights and obligations of free persons; that, in brief, each one stands in a dual relation in the State. Each one is both subject and sovereign. As a free citizen, he is a sovereign. As a coöperating member of a political society of persons equal with respect to their basic moral relations, he is a subject.

We may put it this way—in a political society of equals, each one, regarded as this or that individual person with his specific interests, is subject to the will for the Common Good, which is embodied in the State, and which, by virtue of his enjoying the benefits of the social order maintained by the State, he accepts. This does not mean, as the advocates of the Totalitarian State assert, that *all* the interests and obligations of the individual are included in the State. It does not mean that the State should dictate to the individual in regard to all his moral and spiritual interests and duties. To make such a claim is the very essence of totalitarian dictatorship. To reject this claim is part of the very life blood of democracy.

Political democracy is not an end in itself. It is an instrument for the promotion of *social* or *ethical* democracy. The essential meaning of ethical democracy is that, as subjects of personal well-being or happiness, *all* individuals have a basic equal interest. However human beings may differ in their powers, they

all share in the fundamental attributes of humanity, and therefore are entitled to equality of consideration.

Political democracy has developed as an instrument of social democracy. But, as I propose to show, the rapid development of mass production, with concentration of control of the instrumentalities of living, since the industrial revolution got under way, has thwarted the realization of social democracy, even in the very favorable situation in these United States. The failure of political democracy to promote successfully the realization of social democracy has not been due simply to the inevitable material inequalities in the powers of men. There are such inequalities which can never be entirely surmounted. Any workable social system must take these material inequalities into account. Nevertheless, I hold that the industrial and the economic revolutions, which have taken place under the laissez-faire economy, have greatly accentuated the handicaps which spring from the natural inequalities, and that it is possible, by concerted action, to lessen the glaring inequalities of opportunity which now exist in our economic system; and thus to lessen the unnecessary hardships under which such a great proportion—at least 50 per cent—of our people now live.

In order to consider, in the light of our present situation, how this end might be achieved, without recourse to violence and dictatorships, we must take stock of the outstanding phenomena of our economic life in the recent past. Only after this is done can we consider remedies in a balanced way.

## 2. THE INDUSTRIAL REVOLUTION AND ITS SOCIAL CONSEQUENCES

The phrase "industrial revolution" means the change from the system of domestic handiwork to the factory system—from the worker's individual ownership of tools and materials and the production of artifacts at home to the large-scale production by machinery in factories with the industrial worker only a wage earner. Since James Watt improved the steam engine in 1763 the development of mass production has gone on at an increasing pace.

In its general social and cultural consequences, the industrial revolution has been the most potent and pervasive single factor in the remaking of our civilization—far more so than the rise of modern science or the spread of democracy.

The general social effects of the industrial revolution may be summarized as follows: The very rapid expansion of industry, the great increase in material wealth, the very rapid growth of cities and the general increase in population.

In the first half of the nineteenth century the population of England doubled. In the nineteenth century the population of Europe increased from 175 million to 392 million, and greatly swelled the population of America, Australia, the islands of the sea, and parts of Africa. The population of the United States increased from 3,929,214 in 1790 to over 123 million in 1930.

### 3. THE ECONOMIC REVOLUTION—FROM AN ECONOMY OF SCARCITY TO AN ECONOMY OF ABUNDANCE

The basis of the economic revolution has been the substitution for animate power (man, horse, and mule) of inanimate power (water, coal, steam, oil, gas, and electric). At present we are in the era of electric, gas, and oil power. Steam power, generated by coal, is being relegated to a subordinate position. The stimulation to the invention of automatic machinery has come from the utilization of power. All this has taken place mainly in about one hundred and fifty years. Many inventions were made before this—the mariner's compass, printing, paper, looms, thermometers, telescopes, microscopes, instruments of precision, and so on.<sup>1</sup> The mathematical conception of nature has been developed and refined and extended to cover the cosmos.

The use of inanimate power has given a great new fillip to man's cunning wit, until there are now automatic machines that do things of astounding minuteness and precision; photo-electric cells that are veritable electric eyes and hands, as well as motor-car assembly lines, machines that stamp out and thread spring shackle bolts, that make cans and bottles, and containers of all sizes.

<sup>1</sup> Lewis Mumford, *Technics and Civilization*.

## 4. THE GENERAL SOCIAL CONSEQUENCES OF MASS PRODUCTION

The chief social consequences of mass production have been these:

(a) *The Increase in Goods.* The enormous increase in the quantity and cheapness of all sorts of goods; from pins, matches, printed matter, pencils, nails, tinware, and textiles to radios, motion pictures, and motor-cars. The true cost of production of an article or service is the energy consumed in making the article or rendering the service.<sup>2</sup> According to Robert R. Doane, in 1929, 80.8 billions of dollars were expended in the industries in the United States with diminishing production costs, 11.5 in industries with stationary costs, and 20.7 in industries with increasing costs. Technology has steadily reduced true costs by reducing the amount of energy and time required to produce things. This is true even in agriculture, once drastically subject to the law of diminishing returns. Not only the expansion of the area of cultivation, but even more the rise of farm machinery and the applications of soil chemistry, have greatly increased productive power. In manufacturing the only limit is the amount of raw materials available. There is a limit to the supplies of coal, copper, iron, bauxite, tungsten, and a limit much nearer at hand to the supplies of oil and natural gas.

(b) *Technological Unemployment.* There has been an increase of technological unemployment. Machines have displaced human labor. It is estimated that in 1929, at the peak of the "New Era," there were at least 2,130,000 unemployed in the United States. In 1933 there were probably over thirteen million in the United States.<sup>3</sup> In *Recent Social Trends* it is stated that, taking the year 1919 as the base line, the following were the index numbers for manufactures in the United States:

Year	Persons engaged	Volume of production	Output per person
1919.....	100.....	100.....	100.....
1923.....	96.....	122.....	127.....
1929.....	94.....	145.....	153.....

<sup>2</sup>Stuart Chase, *The Economy of Abundance*, Ch. X.

<sup>3</sup>There are no reliable figures in regard to unemployment. The best are perhaps those of the American Federation of Labor,

From 1920 to 1930 the number of men employed in steam railroads decreased from 2,013,000 to 1,511,000. The number of farmers dropped from 6,387,000 to 6,012,000, of coal-miners from 759,000 to 646,000 in the same decade.

Output per man hour jumped up after the war and continued to increase through the depression. The number of workers, to support increased production in boom times, needed only to remain constant.

What became of these displaced workers? Some of them found productive employment. Some found unproductive work. Some were employed in constructing essential capital goods—factories, replacement machinery, and so on. Some found work in valuable services—education, medicine, research. Some went into overmanned service occupations—selling gasoline, superfluous distribution of consumers goods in stores, milk routes, canvassing, peddling; selling bonds, insurance, useless contraptions, advertising. The service trades have been growing fast. In 1910, according to *Recent Social Trends*, the numbers employed in service trades were 10,478,000; in 1930, 18,140,000. That is an increase of nearly 100 per cent in twenty years, a very significant shift.

(c) *Concentration of Control*. As mass production has grown there has been a constant and increasing separation of ownership from management and control, and of both from the productive workers. In the early stages of power production the owner was still his own technician and manager. Now, in the larger industries, the owners may be legion but without power in the control of the industry. Even their proxies do not count. The control is vested by legal devices in the management and minority-stockholders. Berle and Means showed that in 1930 this category included 88 per cent of the 200 largest non-banking corporations in the country, having total assets of 81 billion dollars and controlling 38 per cent of all the corporate wealth of the country. If the rate of mergence of small corporations in the large ones were to be kept up, by 1950 all the corporate wealth would be vested in about fifty corporations.\* About two thousand

\* A. A. Berle, Jr., and G. C. Means, *The Modern Corporation and Private Property*.



men control these present 200 corporations through interlocking directorates of speculative capitalists, enterprisers, and investment bankers. These kings of finance pass from one industry or enterprise to another, by selling and buying stock. They can, singly or in groups, sell short or long, run the stock values down or up. The ordinary owners of a few hundred shares or a few bonds have nothing to say about it. Securities are, as we now know too well, insecurities. Just as Drew, Jay Gould, Jim Fiske, *et al.*, wrecked railroads to gratify their own lust for power, so did Insull, Kreuger, and others with more recent industries and utilities.<sup>5</sup>

The growth of *capital investment* has been stupendous. At the present time in the United States it is said that ten institutions control about 80 per cent of the banking facilities; 5 per cent of the population own and control 85 per cent of the material wealth; the other 95 per cent control 15 per cent of the material wealth.

Senator George W. Norris, before the Senate Committee on Banking and Currency on February 22 and 23, 1933, gave the following figures in regard to the control of industry by the big banks: Eight leading banks in New York City—J. P. Morgan and Company, The Bank of America National Association, Bank of Manhattan Trust Company, Chase National Bank, Chemical Bank and Trust Company, Guaranty Trust, National City Bank Company, and New York Trust Company had 287 directorships in insurance companies, 301 directorships in other banks, 521 directorships in public utility companies, 587 directorships in railroad, steamship, and aeroplane transportation companies; directorships in 846 manufacturing companies. These 8 banks had a total of 1,201 directorships in various other corporations, making a grand total of 3,741 directorships held by the 8 banks in various corporations. Twenty-four banks in New York had 6,250 directorships in various corporations, including other banks. The Chase National Bank alone had 82 directorships in banks. It had in transportation companies 133 directorships, in manufacturing corporations 236 directorships, in public utility corporations 73 directorships, in insurance companies 82 director-

<sup>5</sup> See Chapter XIII.

ships, in 87 banks 59 directorships, in miscellaneous corporations 262 directorships.<sup>6</sup>

J. P. Morgan and Company controlled 8 banks, had 219 directorships in other banks, a total of 2,242 directorships in insurance, manufacturing, public utility, and transportation companies. The 8 banks above-named controlled most of the capital investment in these United States. The tremendous power of big corporations is illustrated by the Mid-West Utilities Corporation and the other corporations that were developed and controlled by Samuel Insull. These were holding corporations controlling public utilities and pyramided into a huge system. They controlled rates, and even city governments (especially Chicago), and constituted a financial oligarchy until their collapse. They covered 32 states and several Canadian provinces.

The National Electric Light Association is a good illustration of the campaigns carried on by these huge corporations to prevent public interference with their virtual monopolistic and dictatorial powers. This association, which included all the manufacturers of electric apparatus in the United States, spent money lavishly in getting textbooks written with a slant against public ownership of utilities, in getting these texts introduced into public schools and colleges, in employing teachers including college professors of economics and sociology to lecture in their interests. Their agents testified before the Senate Investigating Committee that teachers could be bought cheaply for this purpose, being poorly paid persons. The writer knows a professor who received \$15,000 for a year's services.

(d) *New Social Divisions.* The economic revolution has produced a new division of society. In the feudal régime society was divided into nobles, and serfs and peasants, on the land; and guild masters, journeymen, apprentices, merchants, and clerks, in the towns. In the new industrial system there are but two chief classes, capitalists and wage earners, including salaried employees. The *proletariat* consists of those who have only their brute strength, and manual and mental skill to sell; the bourgeoisie or middle class consists of industrial capitalists,

<sup>6</sup> *Hearings before the Committee on Banking and Currency, United States Senate, Seventy-Third Congress, 1933, Part II.*

bankers, merchants, shopkeepers, and professional men (lawyers, physicians, engineers, and industrial managers). In large businesses the capitalist has become a mere investor, the owner of stocks and bonds.

There have arisen to immense power, bankers and brokers—shrewd manipulators of securities (stocks and bonds)—and great banking concerns. More and more, great mergers have become the order of the day in banking and industry. Huge holding companies in electric power and light, gas, iron, copper, and transportation control the public utilities and manufacturing. The watchword of this great development from the standpoint of Capitalism has been “let alone”—the absence of all compulsory control or supervision by society through governmental agency. J. P. Morgan, Sr., is reported to have told his lawyer, “I don’t want to know what I can’t do. I want to know what I can do.”

The great appeal has been to *enlightened self-interest* as the main motive of economic and social life. It has been assumed that where all men are free, each to pursue his own economic interest and the interest of his own family, there will be the greatest possible industry, efficiency in production, and general prosperity.

In this way the greatest amount of wealth will be produced and distributed most equitably. Hard work, thrift, enterprise, and shrewdness are the supreme virtues. By the operation of the economic laws of supply and demand, the iron law of wages and rent, marginal utility, and so on, it was assumed that, in the absence of governmental restriction, the greatest good of the greatest number would follow. What actually happened? At first long hours of exhausting, monotonous work under unsafe and unsanitary conditions by men, women, and young children; the crowding of millions of human beings into tenements, hovels, and shacks, in dirty, smoke-begrimed, unsanitary slums. Children grew up pale, stunted, deformed, and sickly, and were put at work in their tender years. Slums are breeders of degeneracy and crime.

The individual worker was powerless. He could take the job at the wages and conditions offered, or he and his children could starve. Inevitably his only remedy was combination—for col-

lective bargaining. The country in which the industrial revolution began was the original home of labor unions—Great Britain. As Mass Industrialism has spread, labor unionism has spread. There are two kinds of union—the aristocratic exclusive *craft*, or *trade-unions*, exemplified in the Railway Men's unions and the American Federation of Labor; and the democratic, inclusive all-labor union, exemplified in the European Syndicalists, and now in the United States in the Committee for Industrial Organization.

(e) *Conflict of Interests*. Capital that controls is "finance capital," and, as Stuart Chase puts it, "There is more money to be made in manipulating the securities which represent tangible property than in manipulating tangible property." <sup>1</sup> The speculative or "finance control" of securities depends on the presumptive future earning power of the capital goods which they represent.

So a conflict of interest arises between three groups: (1) The public, which wants service at as low a cost as is consistent with good service. (2) The legal owners, who want steady dividends. (3) The financial control, which wants to realize a scoop by a profitable manipulation of securities.

The production staff—the engineers, superintendents, foremen, and the rank and file of the workers—may have no part in determining the policy or fate of the industry. It may be wrecked; it may be merged and abandoned; or it may be turned into some other kind of industry. When increase of production has threatened a lowering of profits, there has been a curtailment of production, and even a destruction of the products as in the case of foodstuffs—fruit, chickens, meat left to rot, or thrown into the sea. Other methods of producing artificial scarcity are: dumping goods in foreign countries at lower prices (high tariffs and quotas are stopping this); making flimsy goods that must be replaced quickly; the yearly model game in the motor-car industry; changing designs in women's clothing, men's clothing, shoes. Another method is the increase of distribution costs through all the intermediaries between the factory product and the consumer, including salesmanship and advertising. Another method is by the suppression of new inventions. Still another is

<sup>1</sup> *The Economy of Abundance*, p. 184.

by cohesive agreement as well as actual monopoly. Racketeering is a phase of this method.

The result of the two foregoing trends has been what is commonly called overproduction; which should be called, in large part, malproduction and maldistribution. The productive plant of the country is equipped to produce too many motor-cars, radios, shoes, rubber goods, and so on; too many silly and useless things; perhaps too much wheat and live stock (when there is no drought); perhaps too much iceberg lettuce and perhaps too many oranges, apples, peaches, potatoes, and other foodstuffs. It is not possible to be sure about these things, since many people are unable to buy the food they need. Neither can foreigners, so the stock-market crashes and the economic tailspin begins. As values fall, industry slows up or shuts down. The consuming power of the workers is further decreased thereby, and individualism, strangling in the web it has woven, has to call on the government to come to the rescue of the banks, the industries, the railroads, to lend money, to find work, or to support those for whom there is no work to be found.

There has arisen, as a consequence of the uncontrolled expansion of speculative manipulation, an ever-widening gap between production for efficient human use, and production for profit. Capital, overinflated, has been rushed into fields that promised big profits—the making of motor-cars, radios, the expansion of the moving-picture industry, the expansion of steel manufacture, gas and oil, bus lines. The country produces far too few decent homes, too little good clothing, and so on, not because it lacks the productive capacity, but because of the lack of purchasing power. In certain lines, such as radios, motor-cars, shoes, steel, and so on, there has been an overexpansion of consumers' goods. One may say the depression is due either to malproduction or malconsumption. The two statements mean the same.

The issuance of immense blocks of stock for which no money has been paid, the watering of stock, the speculative manipulation of other stocks, have piled up an enormous debt structure in comparison with the actual productive values of plants. This happened in the previous generation particularly in reference to the railroads; more recently it has occurred in the case of

public utilities such as gas, electricity, and local transportation agencies; also with respect to large productive enterprises. There can be no return to an enduring economic basis until this debt structure is scaled down and utilities and productive industries are revalued in terms of their actual uses.

*Summary.* Thus there has resulted an irrepressible conflict involving three groups in industry, including the productive and distributive mechanisms:

1. The ultimate owners, the holders of stocks and bonds, who want substantial stable dividends on their investments.

2. The financial controllers, who are not interested in permanent moderate dividends or in the public serviceableness of the product, except in so far as these outcomes enable them to make a scoop by the manipulation of securities, or by mergers, "cutting melons" (issuing new stock free to themselves), holding corporations, selling short or long, thus forcing the stock values down or up so that they can corner or unload more.

3. The general public which is interested in getting a good article or a good service at prices they can afford to pay.

There need, of course, be no insoluble conflict between the consuming public and the owners, provided the latter were satisfied with modest dividends. *It is the intervention of the party of the second part that has caused most of the trouble.* Henry Ford has furnished a good article cheap and has made money, by keeping clear of speculative controllers and high financiers and investment bankers. Whether he has given his workmen and agents fair deals is another question, which I shall not discuss.

In large-scale industry the speculative control can not be forced out without a radical reconstruction of banking and the securities markets. A truly nationalized system of credits and investment control would be one way out.

Another way, covering a large portion of the industrial activity now subject to the greedy machinations of speculative controllers, would be public ownership of monopolies.

It seems evident that some industries are too large and unwieldy, with overorganization and high overheads, which involve either great losses or mounting prices in case of falling off in demand which, of course, only aggravates depression conditions.

The mass production and distribution of electric power by public ownership might facilitate the wide distribution of industries away from the gigantic costly and unwieldy urban centers in which they congregate. Public ownership and operation would supply low-cost power in place of the high-cost power now vended where private monopolistic control enables financiers, by holding companies, to skim off the cream from the high profits.

It is most significant that, whereas the generation and transmission of electric current is more costly in Southern California, by reason of the distance from the sources, than in any parts of the East, electric current is cheaper because of the competition of the Los Angeles municipal plant with the private companies. This is true also in Tacoma. Provincially owned and produced electric current is cheaper on the Canadian side of Niagara Falls than the privately produced current on the American side. The Tennessee Valley Authority will provide cheap current for domestic and industrial uses. This procedure could be extended all over the country. It is a patent absurdity to argue, in view of the facts, that public enterprise is more costly and wasteful than private. It may be more costly in reduction of profits to the greedy. There is no inherent reason why public utilities should be in politics. There are many public services, such as the postal department and the National Park service, now conducted efficiently and honestly. What darker and more devious chicanery and dodges can be found in politics than in the manipulations of high finance?

The remainder of this part will give factual illustrations of the methods in vogue in the recent phases of the Economic Revolution.

## CHAPTER X

### INCOMES AND SAVINGS IN THE UNITED STATES

**T**HE PEAK YEAR for production in the United States was 1929. The actual total national income produced in that year has been variously estimated at from 81 billion dollars (the National Bureau of Commerce figures, followed by the Brookings Institution in its work, *America's Capacity to Produce*), to 93 billion dollars, the figures followed by Harold Loeb in *The Chart of Plenty*.

The distribution of the national income, as determined by the Brookings Institution quoted above, follows, showing the distribution by families: <sup>1</sup>

#### 1929 INCOME IN TERMS OF FAMILIES

(*The average family is about 4.12 persons.*)

<i>Income</i>	<i>Families</i>	<i>Percentage of Total</i>
Less than \$1,000	Nearly 6,000,000	21
Less than 1,500	11,683,000	42
Less than 2,000	16,354,000	59
Less than 2,500	19,000,000	71
Less than 3,000	21,545,000	78
Over 5,000	2,000,000	8
Over 75,000	36,000	.01

The total income of the 11,683,000 families receiving less than \$1,500 was about 10 billion dollars. The average in this group was \$919. The total income of the 36,000 families receiving \$75,000 and up was about \$9,800,000,000. The one-tenth of one per cent at the top received as much as the 42 per cent at the bottom. Ninety-two per cent of the families received about 59 per cent of the total national income; the other 8 per cent received about 40 per cent. Between 1919 and 1929 the number of persons with incomes in excess of one million dollars rose from 65 to 513.

<sup>1</sup> R. A. Goslin, *Rich Men, Poor Men*. A graphic picture of income distribution.



The percentage of workers who had yearly incomes under \$2,000 was 80.77. About 15 per cent had incomes from \$2,000 to \$4,500; 2.72 per cent had incomes from \$4,500 to \$30,000. About .288 per cent had incomes of over \$30,000.<sup>2</sup>

From 44 estimates of the minimum family budget made from 1920 to 1931 (12 made by employers' associations, 10 by the United States Government and the rest by responsible authorities) Abraham Epstein has figured that, during this period, \$35 a week, \$1,820 a year, was the indispensable minimum for decent living without any luxuries. In 1929, 74 per cent of non-farm families did not have the means to provide an adequate diet for a family of five; namely \$800 a year.

In 1929 only 2,458,049 individuals paid an income tax—4 out of every 100 adults. Individuals who had incomes under \$5,000 paid less than 0.5 per cent of the tax. In 1929, 92 per cent of all the families in the United States had incomes of \$5,000 or less; 83 per cent of all the liquid wealth was in the hands of the income classes above the \$5,000 group.<sup>3</sup>

### 1. DECLINE IN WAGES AND SALARIES

In the war years and those after the war in which war profits kept up—1915-1920—183 individuals in the United States had, in one or more years, one million dollars or more income.

In 1929 the total spent for food by all the people who had incomes below \$5,000 was \$21,852,300,000, sixteen times as much as was spent for food by those with incomes above \$5,000. Total consumer expenditures of the latter group was roughly 16 billions, of the former, 74 billions.<sup>4</sup> Labor income in 1929 was 52 billions, in 1932, 31 billions—a *tremendous drop in purchasing power*. In the same period interest payments were almost stationary.<sup>5</sup>

In November 1931, according to the National Industrial Conference Board, the average employed worker in the manufactur-

<sup>2</sup> Harold G. Moulton, *Income and Economic Progress*. (Summarization of results.)

<sup>3</sup> R. R. Doane, *The Measurement of American Wealth*, p. 32.

<sup>4</sup> *Ibid.*, p. 89.

<sup>5</sup> *National Income, 1929-32*, Senate Document No. 124, Seventy-third Congress, Second session, United States Government Printing Office, 1934, p. 14.

ing industries was working 37.6 hours a week and receiving \$20.31 a week.

In 1933 the average earnings of wage earners in 25 manufacturing industries on the basis of 50 weeks' work was only \$885.68.<sup>a</sup> The National Industrial Conference Board, an employers' organization, made the following estimates of average yearly earnings per worker for 25 manufacturing industries: 1920, \$1,467.00; 1921, \$1,426.00; 1933, \$885.00. But the average worker does not secure 50 weeks' work. In the automobile industry he is lucky to get work for 150 days in a year.

Professor Paul Douglas estimates that by June of 1932 the real wages of workers in manufacturing establishments were approximately one-half of what they had been in 1929.

The Planning and Research Division of the NRA found that, for every dollar of Labor's income in the 1923-25 level, workers received in 1929 the sum of \$1.20, which fell to \$.65 in 1933. For every dollar of Capital's income (corporation dividends and interest) at the 1923-25 level, security holders received in 1929 the sum of \$1.65, which held at this level for a year and then fell to \$.93 in 1933.

Taking 1928 as 100, the following table shows weekly earnings of wages from 1929 on and the parallel department store sales:

	1929	1930	1931	1932	1933	1934
Weekly earnings.....	102	93	81	61	63	73
Department store sales.....	103	94	85	64	62	69

In short, under individualism, wages of labor are cut more quickly and drastically than wages of capital. The responsibility to give the promised return, or to continue the return previously in effect, on invested capital constitutes an obligation prior to, and paramount over, any responsibility to wage earners for their means of subsistence. Labor as a market commodity, subject to the law of supply and demand, has no human rights.

In the manufacturing industry since 1869 there has been an increased productivity per worker of 350 per cent. In mining, transportation, farming, and the like, there have been consider-

<sup>a</sup> *National Industrial Conference Board on Wages* (published annually), and Supplement to Conference Board Service Letter, 1933.

able, though much less marked, increases in productivity. The employed workers' real wages have also increased considerably; from 272 (in 1913 dollars) in 1869 to 830 in 1932. *But there has been no corresponding increase in per capita income of the total population.* From 1870-1929, per capita income doubled. In 1870 it was 206 in 1913 dollars, or 526 in 1929 dollars. In 1932 it dropped back to 282 in 1913 dollars, or 720 in 1929 dollars. In the same period productivity per man hour of labor went on rising. The increased productivity has been of little benefit to the average citizen; especially when we consider that a number of goods not available in 1869 are now, for an increasing number of families, practical necessities or near-necessities; for example, electricity, gas, city water, motor-car or urban transportation, telephone. The author, for example, could not find a suitable residence within his means within easy reach of his work. A motor-car is a necessity.

## 2. THE FARMER'S PLIGHT

The economic plight of the farmer, under individualism in its present form, is as bad as that of the propertyless laborer. The farmer is supposed to be a capitalist—to own his land and tools. As a matter of fact, to an alarmingly increasing extent, he does not own either! He is on the way to an economic serfdom like that of feudalism or pre-Bolshevik Russia.

The United States Department of Agriculture in 1928 decided that the absolute minimum standard income for health and decency for a farm family of five was \$1,800, \$600 of this in farm produce. From 1919-27 the average farm income never once exceeded \$1,634, and the average for the period was \$829.<sup>7</sup> In 1929 nearly half of the nation's 6,000,000 farms produced less than \$1,000 worth of produce.<sup>8</sup> In 1930 the United States Department of Agriculture reported that 203 farm families in Kentucky spent an average of \$689 a year.<sup>9</sup> Of 256 children between the ages of two and eleven on Kentucky farms—26 per cent of

<sup>7</sup> W. I. King, *The National Income, and Its Purchasing Power, 1930*, p. 310 (table).

<sup>8</sup> R. G. Tagwell, *Today*, Jan. 20, 1934, p. 7.

<sup>9</sup> *Yearbook of Agriculture*, 1931, p. 1033.

these from families with the highest income, 70 per cent in the middle-class group, and 88 per cent in the very poor group, did not have an adequate diet.<sup>10</sup>

### 3. MORTGAGES

Forty-two per cent of all American farms are mortgaged to an aggregate of \$8,500,000,000. Farm tenancy is rapidly increasing. In 1930, 42.4 per cent of all farms were operated by tenants. From 1927-1932, 9.5 per cent of all farms were sold through mortgage foreclosures and 3.5 per cent for failure to pay taxes. In 1932 John A. Simpson, President of the National Farmer's Union, found that a bushel of oats would buy two postage stamps and two postcards; 1,000 bushels of wheat, one grain-binder; 8 dozen eggs and 2 cents, one toothbrush; 40 lbs. of cotton, one shirt. In 1928 bread averaged 9 cents a loaf; of this the farmer's share was 2 cents. In 1932 bread was about 6.7 cents a loaf, and the farmer's share was six-tenths of one cent. In 1932 one farmer in South Dakota, who had in forty years made \$100,000, reported that he had lost it all in seven years. Another in four years had marketed sugar beets enough to make 456,000 pounds of sugar. The family had been out of sugar for three days, and had no money to buy any. He had marketed 135,000 pounds of beef and had no meat; he had sold 240,000 pounds of pork, and had no pork, lard, or money. Another farmer, who had worked fifty years and had a 640-acre farm without encumbrance and \$10,000 in the bank, had nothing left.<sup>11</sup>

There are three chief reasons for the farmer's plight:

1. He cannot control his production so as to produce scarcity and raise prices, without depriving himself of all means to buy what he needs for subsistence—foods, clothing, fuel, tools. He has no large capital reserve. He must compete in the world market with all the farmers of the earth. The protective tariff, so far from helping him, has hindered him. The industrial producer, by means of the protective tariff which shuts out foreign

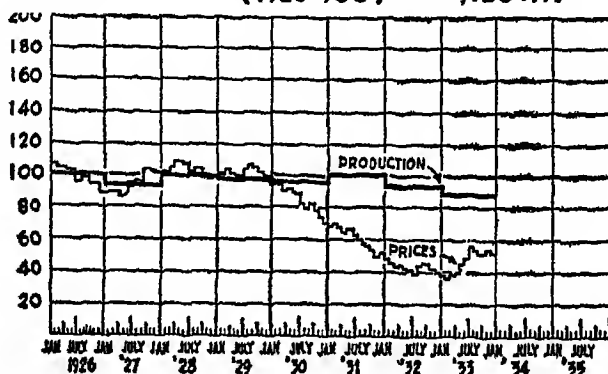
<sup>10</sup> Children's Bureau, United States Department of Labor, Publication No. 110, 1922, p. 30.

<sup>11</sup> *The Farmer States His Case*, Christian Social Action Conference Movement, 1933.

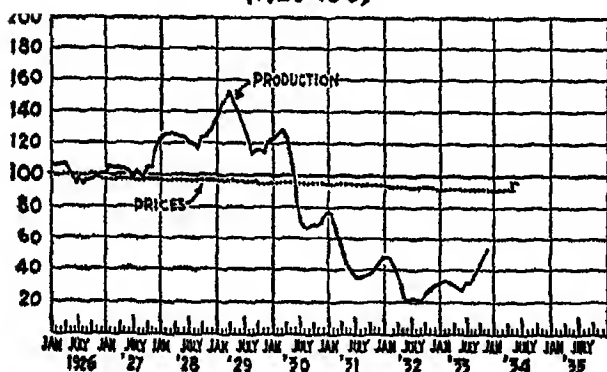
competition, is able to keep his prices up. The farmer, producing a surplus, cannot do this.

2. By monopoly, cartels, and trade agreements, *the industrialists control both prices and production*. When prices begin to

### PRICES AND PRODUCTION FOR AGRICULTURE, (1926=100) 1926-1933



### PRICES AND PRODUCTION FOR THE AGRICULTURAL IMPLEMENTS INDUSTRY, 1926-1933 (1926=100)



fall, they shut down production and keep the prices up. The farmer, when prices fall in half, must produce more or go without the goods he cannot buy. Of course, in the long run the industrialist must suffer, too. But he does not usually seem to see this.

3. The farmer has been at the mercy of the middlemen. He gets only a fraction (often not more than one-fifth or even less) of what the consumer pays. The rest goes to buyers, speculators, jobbers, processors, and retailers. Even if the products do not require processing, as in the case of fruit, vegetables, and eggs, it is not possible for the majority of the farmers to peddle their products to the consumers.

#### 4. SAVINGS

According to *Business Week*, a conservative publication, in 1929 the 513 people with reported net incomes over \$1,000,000 spent for goods and services \$87,000,000 and saved \$1,045,000,000, an average of over \$2,000,000 each—while the nearly 6,000,000 families with incomes under \$1,000 spent for goods and services \$17,633,000,000, and saved only \$485,000,000—an average of \$80 each.

In 1933 the number of persons filing income-tax returns decreased from 1932 by 3.8 per cent. Only 1,747,740 persons reported taxable incomes, and the total amount of income reported fell 5.5 per cent. Nevertheless, the number of persons who reported net taxable incomes of \$1,000,000 or more increased from 20 in 1932 to 50 in 1933.

Of the 58 taxpayers who, in 1932, reported total taxable and non-taxable incomes exceeding \$1,000,000, over 70 per cent (38 individuals) are accounted for by membership in a total of 14 families.

The following table shows the distribution of the nation's income from 1922-1933 in billions of dollars:

Year	Employees	Individual	
		Enterprisers	Investors
1922	38	12	10
1929	52	16	12
1933	31	8	9

In brief, the national budget for 1922 was divided as follows: employees, 63 $\frac{1}{3}$  per cent; individual enterprisers, 20 per cent; investors, 16 $\frac{2}{3}$  per cent. In 1933 the division was: employees,

64 $\frac{7}{12}$  per cent; individual enterprisers, 16 $\frac{2}{3}$  per cent; investors, 18 $\frac{3}{4}$  per cent. In short the investors' proportion of the national income increased as the depression grew worse. Especially did concentration in the highest income group increase. Why was this? If we compare the shares of the national income produced in five divisions we shall find the clue.

The following table is taken from a report of the Income Section of the Division of Economic Research in the United States Bureau of Commerce. It gives the percentages of the total national income:

	1929	1932	1934
Agriculture .....	8.8	5.9	9.2
Manufacturing .....	23.8	14.2	20.2
Trade .....	13.5	13.3	13.1
Service .....	11.4	13.6	11.9
Electric light and power and gas...	1.6	2.8	2.1

Agriculture and manufacturing were hardest hit; trade kept up its percentage, although, of course, the total declined. Service held its own and actually increased its percentage. The rise of agriculture in 1934 above the 1929 percentage was due to the AAA policy. Service increased because unemployment in industry resulted in a rush into services. Electric light and power, gas, and communication gained proportionately because they are utilities. Being chiefly in the hands of great corporations, dividends were kept up by current income plus withdrawals from reserves and economies in replacements and extensions. Concentration went on under the New Deal, thus increasing the incomes in the highest brackets.

Construction dropped from 4 per cent of the national income in 1929 to 1.7 per cent in 1934. It is said that the country needs 10 million new and thoroughly renovated homes. But people had to put up with the shelters, or lack of them, that they had. And the New Deal policy was a failure in promoting construction. We shall never have adequate housing, so long as ground rents and prices of land are subject to the uncontrolled speculative greed of real-estate operators, who make huge profits from the unearned increment of land values due to concentration

of population as a consequence of industrial and business centralization.

It is as plain as the nose on one's face that, if an average-sized family's income was \$1,000 or under in 1929, the family would not save much. It could not even exist in health and decency. The families whose incomes were from zero to \$1,000 went into debt. In 1929 the savings per family in the \$1,000-2,500 income bracket averaged \$85 (when \$2,500 was the average minimum for healthy and comfortable living). The savings per family in the \$2,500-5,000 group averaged \$450, the savings per family in the \$10,000-25,000 income bracket averaged \$5,318. The savings in the \$50,000 to \$100,000 bracket averaged \$29,872; in the \$500,000-1,000,000 bracket savings averaged \$279,333. In the families each having more than a million income the savings averaged \$2,399,000 and totaled \$2,400,000,000. Of the 15 billions of savings in 1929, 13 billions accrued to 10 per cent of the population. "Sixty-thousand families at the top saved almost as much as twenty-five million families at the bottom. Families with incomes of \$10,000 and over per year contributed two-thirds of the whole savings fund." The Brookings Institution formulates this law: *The greater the number of persons in the high-income groups, the larger the percentage of the aggregate national income that will be set aside for investment purposes.*<sup>12</sup> From 1900-1929 there was a rapid progressive increase of such persons. The national income became more and more concentrated in the higher brackets. This process was accelerated by the World War, which turned the United States from a debtor nation into a creditor nation. Also we had occupied all the profitable land in the country (and some that is not profitable) and had gone a good way on the road of ruining the land.

There were, at the end of 1929, 15 billions available for investment, 13 billions of it in the hands of 10 per cent of the population. Only 5 billions were invested in production of consumer's goods and of capital goods (machinery and equipment to produce consumer's goods). Ten billions went into speculative investments—foreign bonds (such as those of Peru, Germany, International Match Company, and so on), land speculation, and

<sup>12</sup> Harold G. Moulton, *Income and Economic Progress*, p. 40.



speculative activity on the stock-market to force the prices of securities up (and they did rise sky-high). In 1929 capital gains from the inflation of securities reached over six billions. In short, in 1929 only one-third of our savings went into instrumentalities for useful and luxury consumption. The remaining two-thirds were mostly wasted or thrown away, from the standpoint of national well-being. Why was this?

There was not a sufficient demand for consumer's goods to make it profitable to invest in the instruments to produce more. Only 81 per cent of the existing plant capacity was utilized in the peak year. Therefore it certainly would not be profitable to expand the plant. So the very rich gambled with their money.

In 1929 there were millions of underfed, underclothed, underhoused, undereducated people in this country. But, since these millions had no buying power, the goods were not produced.

It has been the fashion to argue that it does not make any difference, from the standpoint of national prosperity, how incomes are distributed. If the rich get the major part, what they do not spend in consumption they will invest in productive enterprises, and so their surpluses will flow back to the workers. Well, the Brookings investigation makes irrefutable what any really thoughtful observer must have known—that under the laissez-faire profit system the rich will not, and indeed cannot, invest their surpluses in capital goods, if there be no sufficient demand for the expansion or renovation of productive plants; and that there will be no sufficient demand for capital goods, if there be no expanding demand for consumer's goods. This is precisely what happened and kept on happening. Instalment buying was a temporary inflation that only staved off the evil day.

And when the depression got well going, what happened? The more production shut down, the more purchasing power fell off, and we might have gone down to a completely ruinous deflation, or up to an equally ruinous inflation, if we had not taken vigorous steps to prime the pump by government spending. Deposits piled up in the banks, because there were not avenues of prudent investment at home, and people who had had their fingers burned in foreign "securities" speculation became wary.

The Brookings Institution, in *Income and Economic Progress*,

by Harold G. Moulton, sums up the conclusions of its four-volume report:

There is no scarcity of money, credit, or physical capacity to produce. . . . What hinders larger production and, in the depression period, paralyzes it, is the lack of buying power on the part of the masses. . . . The failure of consumptive demand to equal in magnitude the volume of goods that might have been produced is attributable . . . to the fact that a substantial portion of the income was not expended for consumption goods but was directed to savings' channels, where much of it failed to be used productively. . . .<sup>13</sup> The greater the number of persons in the high income groups, the larger the percentage of the aggregate national income that will be set aside for investment purposes.<sup>14</sup>

There was a steady increase in the number of such persons from 1900-1929.

In order that the bulk of this great saving be invested in productive enterprises there must be a rising demand, not an arrest or falling of demand, for capital goods. But, under the profit system, there cannot be an expanding demand for capital goods without an expanding demand for consumption goods. During the nineteenth century savings were invested in plants, and bank credits went to expand plant and production. The country was still in process of being opened up. More land was being occupied, more mines being worked, railroads and homes and factories built to meet the demands of a rapidly increasing population. The money saved at home did not meet the demand for capital. Europeans invested heavily in America. We were a debtor nation. Free land came to an end at the turn of the century. Immigration slowed down and finally was stringently restricted. The World War changed us from a debtor nation to a creditor nation. The people of the Allied countries sold their investments here, and the Allies got credits here to purchase supplies. When the war ended our exports slumped, because we were creditors, not debtors. So long as we were debtors there was an expanding foreign trade for us. With exports we paid the interest on the securities held abroad. The situation was reversed by the war financing, and when our foreign debtors tried to pay us with

<sup>13</sup> *Ibid.*, p. 39.

<sup>14</sup> *Ibid.*, p. 40.

their goods, we raised the tariff walls, because we had already developed greater productive power than we could profitably use and did not want our home markets flooded with cheap foreign goods, which would not only affect our boasted American standard of living, but would reduce and even destroy profits. With a shrinking market for our export goods, our productive agencies slowed down and our worker's buying power declined. The home market began to shrink.

In 1929, ten billion dollars of our national savings went into foreign loans, land speculation, and speculation on the stock-market for the purpose of raising the prices of stocks. The incomes on foreign investments shrank or collapsed entirely, the land boom collapsed because the mass of the people had not the money to buy, and would not, nor could they continue to, buy the products of industry to pay dividends on inflated or watered stock. Instalment buying with high pressure salesmanship was invented to inflate purchasing power. But, when the masses had not the money to pay the instalments, the bubble was pricked.

There is only one way out—the distribution in some manner of a greater buying power to the masses, either by deflation of prices or substantial increases of income in the masses:

Our diagnosis of the economic system has revealed that the way in which the income resulting from the nation's productive activities is divided among the various groups which comprise society, lies at the root of our difficulties. Inadequate buying power among the masses of the people appears to be fundamentally responsible for the persistent failure to call forth our productive powers. It has been shown, also, that the standard of living desired for the American people as a whole can be attained only if we can somehow greatly increase the national output of goods and services. Our problem is to determine whether the flow of the income stream... can be so modified as to expand progressively the effective demand for goods, and thus evoke an even greater volume of production.<sup>18</sup>

Another factor that aggravates the situation is that *compound interest* has been at work for a century. Since the rich have most of the savings, their compound interest compounds faster and, having monetary wealth rolling up faster than a snowball without profitable avenues of productive investment, all they

<sup>18</sup> Moulton, *op. cit.*, p. 87.

can do with the growing surplus is speculate. The greater the proportion of the national income they get, the less there is for the mass buying power. The less proportion of national income there is for mass buying, the less the demand for consumer's goods and the less production.

Moreover, as Stuart Chase points out, the progress of technology has made a given dollar of equipment produce more consumer's goods than in the past. A million dollar automatic plant may equal in output a two million dollar plant of a generation ago. The new automatic plant will not be added to this existing plant unless it pays. It will not pay unless there is an increase of consumer demand. If it be substituted for a scrapped two million dollar plant, consumer demand will be lessened.

The compounding of interest, working from the base of inflated capitalizations made by the various methods of stock-watering—write-ups of valuations and splitting of stocks—has created a towering debt structure that ever mounts skyward. This artificial debt structure has three most disastrous consequences. (1) It puts heavy charges on earnings, especially on public utilities and basic industries. The consumers have to pay for profits and interest on the debt structure. Consumption is thus restricted far below need and use. (2) It prevents the reduction of charges and improvement of services to enable older enterprises to compete with new ones—for example, the railroads to compete with the truck and bus lines. (3) When it becomes necessary for the public to assume ownership, as it may soon be in the case of the railroads or coal-mines, there will be a great struggle to unload on the general public all the water in the railroad or mining securities that has been poured in by the financial magicians of Wall Street.

## CHAPTER XI

### THE DECLINE OF THE MIDDLE CLASS

IN ALL STATES there are three elements—the very rich, the very poor, and the middle class. The very rich find it hard to obey, and the very poor, too. For the very poor are degraded, inert, lacking in the desire for freedom. Every state is composed of *quality* and *quantity*. By “quality” I mean freedom, wealth, education, good birth; by “quantity,” superiority of numbers.

The best state will be that in which the largest number possess the gifts of fortune in moderation; with no very rich and no abject poverty, but relative equality, that is, equality according to the proportion of justice.

The distribution of wealth is not the main function of the state. Oligarchy (plutocracy) assumes that it is. A state exists for the sake of the good life, and not for the sake of life only; if life were the only object, brute animals might form a state.

A state is a community of equals and similars aiming at the best life possible. The best both for individuals and states is the life of virtue, having external goods enough for the performance of good actions. The best life is the happiest life. External goods (economic goods), goods of the body, and goods of the soul are all indispensable to happiness; but the goods of the soul are of primary importance. (Condensed from Aristotle's *Politics*.)

Contrast the above excerpts from Aristotle, written about twenty-two hundred years ago, with the remark made by D. O. Mills, Regent of the University of California, to Bliss Perry, after the latter's lecture on “Poetry.” “Poetry is a fine thing,” said Mr. Mills, “but business is *the* thing.” Aristotle wisely holds that the best society is one in which the citizens are practically all in the middle class—all possessing sufficient economic goods to enable them to lead lives in which the normal needs and interests find fulfilment. This, I take it, has been the “American Dream.” This is the meaning of the declaration that *all* men are

born free and equal with an inalienable right to life, liberty, and the pursuit of happiness. Personal civil liberties, freedom of speech, publication, association, and assembly, equality of opportunity to find and use the means to the fulfilment of the individual's interests, and an equal voice in the self-governing process of a state constituted by an association of citizens banded together to realize the common good: such have been the ideal principles of American democracy. Political democracy was conceived as an instrument of social and ethical democracy. The very nerve center of ethical democracy is equality of opportunity for all individuals to realize the best lives they know how. When the American republic was established, and for many years thereafter, the country came nearer to realizing this ideal than perhaps any other considerable nation ever did. It is estimated that in 1820, 80 per cent of the people of the United States were small traders and farmers, relatively equal. The middle class did rule. Of course, the Constitution put certain hindrances in the way of realizing equality of opportunity. It voiced to some extent the deep distrust of democracy on the part of the wealthy colonial merchants, lawyers, and planters—such men as the Adamses, Gerry, James Madison, and Alexander Hamilton. Its aim was "to protect the opulent minority against the majority" (Madison's words).

Still, in the economic struggle, political democracy marched on and proved fairly effective until mass production assumed great proportions. The growth of mass production brought increasing concentration of control, through the development of the business corporation and its control through finance-capitalism. *This development spelled the decline of the middle class.* The middle class meant originally the class of independent property holders—farmers, merchants, industrial-enterprise owners, and professionals such as technicians, doctors, lawyers, and ministers of religion.

The term *bourgeoisie* has been used for the middle class, since it was the burgesses, the citizens of the towns, who brought about the decline of feudalism and the rise of modern capitalistic individualism. The rising commercial middle class successfully fought for economic freedom, political freedom, and representa-

tive government, and liberalism in thought and expression (social and religious freedom). The great leaders of the enlightenment in the eighteenth century were champions of intellectual, spiritual, and religious freedom. Some of them, notably Voltaire, did not believe in political freedom, nor in democracy. Voltaire called the people *canaille* (dogs).

The development of Capitalism has taken place along with the development of democracy. Both have contributed to the recognition of personal liberty, political equality, democracy, educational opportunity, social and intellectual progress.

We may sum up individualistic capitalism's achievements as follows: (1) The great development of technology, and consequently of man's increasing mastery over nature and his power to wrest from nature the means of a more abundant life. The raising of the standard of living. (2) The emphasis on the fulfilment of life *here and now* by the application of intelligence. The development of science under the guidance of a rational this-worldly humanism, in contrast to the other-worldly supernaturalism of medieval culture. The recognition of the right of the people to share in the advantages of education and culture, as well as in the improvement of material well-being. The promotion of the idea of world peace. (3) The idea of a possible continuous progress of man towards ever higher levels of individual and social culture and the forging of the implements of social progress.

All the achievements are, in the main, the work of the middle class. The countries in which the middle class has been strongest have contributed most to these achievements—notably Great Britain, the United States, Holland, Belgium, France, Germany, Italy, and Scandinavia.

But now a new and portentous thing is happening. *The middle class is being squeezed to the wall.* The lower middle class, those in the moderate and lower income groups above the proletariat, have suffered most, economically and psychologically, from the depression. In fear and despair the lower middle class in Italy and Germany grasped at Fascism as a drowning man grasps at a straw (and perhaps will find Fascism a straw on which to ride the storm).

In the United States the situation is not yet so desperate, but it is ominous. It is up to the lower middle class, the most numerous, best equipped, and most intelligent section of our population, to face the music and find a better way out than Fascism. In the lower middle class I would include most professionals (physicians, engineers, and other technicians, teachers, lawyers), independent tradesmen and small enterprisers, skilled workers of various sorts. It cannot be disputed that the members of this class possess skills and trained intelligence, have good standards of living, and are very numerous.

The increasing integration of industrial production into larger units, the concentration of financial control into the hands of a few hundred financial magnates, the elimination of smaller individual enterprisers, the development of chain stores which run out the independent retailers, the great increase in the proportion of salaried employees in the lower and moderate income groups (even in the medical profession one in ten is on a salary), the great increase in the proportion of tenant farmers and of mortgaged farms—all these factors are reducing an ever increasing proportion of the lower middle class to the status of dependents on the big bourgeoisie, on the big industrialists and financiers. And when the depression of 1929 came on, the white-collar workers had their salaries reduced and were discharged, in some cases, to an even greater extent than the wage earners in the "overall" class. Ninety per cent of the architects and draftsmen in New York were thrown out in the street; 65 per cent of the engineers; 50 per cent of the pharmacists; 5,680 college teachers were unemployed. Salaries and wages were drastically cut from 20 per cent to 50 per cent, and even more.

Even before the great depression, a significant shift was taking place in the relative proportion of independent enterprisers, farmers, salaried employees, and wage workers. The number of independent enterprisers was practically stationary from 1909 to 1927, while they declined 20 per cent as a proportion of all persons gainfully employed. *The number of salaried employees almost doubled—from 4,424,000 to 8,274,000.* The number of wage workers increased from 19,986,000 to 27,298,000.<sup>1</sup>

<sup>1</sup> W. I. King, *The National Income and Its Purchasing Power*, pp. 56-62.



The most significant features of this change were the absolute decrease in the number of independent producers (from 473,000 in 1909 to 353,000 in 1927), the great increase in the number of salaried employees, and the relative decline in the income status of the group of salaried employees. Whereas in 1870 the majority of this group was in the middle class, now only a minority is.

Independent enterprisers include individual producers, shopkeepers, and self-employed professionals. Salaried employees include clerical workers and government employees. Wage workers include farm laborers and salespeople in stores.<sup>2</sup>

In *Recent Social Trends*, Chapter VI, there is a study of the shifts in occupation from 1870-1930.

The following comparisons are given in percentages of the total population:

<i>Occupational Group</i>	<i>1870</i>	<i>1930</i>
Agricultural and Allied Occupations.....	52.8	21.3
Manufacturing and Mechanical Industries.....	22.0	28.6
Trade and Transportation.....	9.1	20.7
Clerical Service.....	1.7	8.2
Domestic and Personal Service.....	9.6	11.3
Professional Service.....	2.7	6.5

Note that farming has declined to less than one-half; that trade and transportation has more than doubled; that clerical service has about quintupled, that professional service has increased nearly two and one-half times; but that manufacturing, notwithstanding the tremendous increase in production, has increased only about one-third. It actually dropped from 1920 to 1930 about 15 per cent. Unemployment in 1920 was estimated at 1,401,000; in 1929 (the peak year of prosperity) it was put at 2,156,335.

The economic power of the middle class in our past history was based on the large proportion, in the total population, of small independent producers and professionals. This change, of course, is the other face of the integration of industry. Almost, if not wholly, of equal significance has been the decline in the proportion of independent farmers—the growth of rented, mort-

<sup>2</sup> Lewis Corey, *The Crisis of the Middle Class*.

gaged, and share-cropper farms. The total number of all farmers declined from 6,289,000 in 1909 to 6,124,000 in 1927. It is estimated that in 1929 there were about three million really independent farmers.

By 1927 over two-thirds of the middle class were salaried employees. Moreover in 1929, 8 per cent of the manufacturing plants employed 58 per cent of the workers and produced 69 per cent of the output. The 1,349 largest corporations, one-fourth of one per cent of all corporations, received 60 per cent of the total corporate net income. J. P. Morgan and Company, and its affiliates, the Banker's Trust, the Guaranty Trust, the First National Bank and its allies, the Chase National Bank, and the National City Bank, all together held over 2,400 interlocking directorates in corporations with net assets of 74 billion dollars, 22 per cent of the nation's total corporate assets. This interlocking directorate consisted of 167 individuals.<sup>a</sup>

The middle class now consists chiefly of salaried employees and professionals.

Corey estimates the shifts in class divisions from 1870-1935 as follows:

Class	1870		1935	
	Number	Per cent	Number	Per cent
Wage workers .....	5,600,000	44.8	30,250,000	59.3
Farmers .....	4,500,000	36.0	7,400,000	14.5
Middle class .....	2,300,000	18.4	13,000,000	25.5
Salaried .....	600,000	4.8	10,300,000	20.2
Enterprisers .....	1,700,000	13.6	2,700,000	5.3
Big bourgeoisie .....	100,000	0.8	350,000	0.7

In this period both the middle class and the wage workers gained at the expense of the farmers. *But the composition of the entire middle class was radically altered. "Independent enterprisers" fell from 74 per cent of the class in 1870 to only 21 per cent in 1935, while salaried employees rose from 26 per cent to 79 per cent.* Excluding farmers, the great majority of the middle class are now salaried employees. In 1930, of 12,500,000 members of this group, 75 per cent were working for salaries; 77 per cent of all persons gainfully employed depended on jobs;

<sup>a</sup> *Ibid.*, p. 135ff.

75 per cent of these were wage workers, 25 per cent salaried employees. But only a minority of salaried employees are now members of the higher middle income class. There are now about eighteen hundred thousand higher salaried employees and professionals. Add these to the surviving independent enterprisers and the middle class becomes 4,500,000, only 9 per cent of the gainfully occupied compared with 18 per cent in 1870. The lower salaried employees and professionals and the working class becomes 38,875,000, or 75 per cent of the gainfully occupied.<sup>4</sup> "It is a complete reversal of conditions in the early years of the American Republic."<sup>5</sup>

Corey's conclusion is that an increasing proportion of the middle class is being forced down into the ranks of the proletariat. At the present time the middle class is a house divided against itself—a split personality. The higher salaried employees (managers and supervisors) and the higher income professionals identify their interests with the interests of the upper middle class. The lower salaried employees and professionals do not now rank in incomes above the higher paid wage workers, in some cases not as high. The average salaries of teachers in our schools do not nearly equal the yearly wages of railroad conductors and engineers.

The economic interests of the large and increasing lower middle class are with the interests of the proletariat. Every useful functional group interest of the lower middle class is excluded from the interests of the upper middle class (those in the big income group). It is, of course, notoriously true that during the depression the great bulk of the taxation was still paid by those least able to pay. In 1934 the aggregate net income of the 320,503 persons reporting a net income over \$5,000 was about \$4,500,000,000. One per cent of American families received one-ninth of the national income. They paid in Federal income taxes \$473,981,000 and, after paying all taxes, had an average income of \$14,032. Two-thirds of the revenues of the 94 cities of over 100,000 inhabitants was paid by taxes on those with small incomes. It is also true that a concerted and successful drive was made by Chambers of Commerce and other high financial groups

<sup>4</sup> *Ibid.*, pp. 274ff.

<sup>5</sup> *Ibid.*, p. 159.

to reduce the salaries of teachers, to reduce their numbers and increase the number of students per teacher, to curtail the opportunities in education, to stop building schools, to run the existing schools on the factory-shift plan and turn the underprivileged children out on the streets for a great part of the day. Teachers' salaries were reduced from 10 to 50 per cent and often not paid at that. Over 200,000 teachers were out of work. The size of classes was, in many cases, increased from 25 to 75, and even 100, or more. This happened in all grades from primary school to university. As to the effect of the rise of the factory-shift plan in schools I cite one testimony given by Mrs. Evelyn W. Allan, Principal of the Girls' Commercial High School of Brooklyn, before a conference called by the New York Commissioner of Police to consider the problem of the appalling increase of crime, particularly on the part of juveniles and youths under twenty-five. Mrs. Allan's statement was the one statement universally approved by all present at the meeting. It casts a dazzling light on our commercialism. She said:

I read about this conference in the paper, and I would like to tell something of my experience. Thirty years ago when I first began to teach we had a long school day. We started at nine and when classes were finished we had all kinds of club activities. Teachers knew their pupils and the pupils knew their teachers. The school day ended at five, when teachers and pupils reluctantly had to leave the buildings.

I am principal of a school now where five times each day the school is filled and emptied. What happens to these children of high-school age who are turned out on the streets after classes? How many of them have homes which are adequately heated? I have girls under my charge, and I know that only too often girls are behind these juvenile crimes. These children want glamour and excitement. They can't get it in a school which has to be filled and emptied five times a day. They want to forget the drabness of their lives. They want to go to the movies and they have no money. You talk of juvenile crime; the solution is simple. It is a wicked thing that this condition is permitted to continue.<sup>6</sup>

Could a more damning indictment of our "civilization" (?) be penned?

Mr. Corey is a Communist. He argues that the only way of

<sup>6</sup> *New York Times*, Dec. 21, 1935.

escape for the dependent and declining lower middle class is to throw in its lot with the proletariat to overthrow Capitalism and install Communism. He holds that the alternative is a brutal Fascism, the last desperate resort of declining Capitalism. Fascism means the destruction of civil liberties, of democracy, of any chance for equality of opportunity. It will turn us all into wage slaves, dependent on the bounty of the dictatorship of the financial oligarchy, ruling by strong-arm methods. There is no middle way, argues Mr. Corey. He says:

All issues in the class struggle are political issues. The final issue being: what class shall control the state power and to what ends?...

Reformist political action—the politics of reform, of piecemeal change and gradual “working into” Socialism must break down, for the decline of Capitalism eventually makes reforms too costly and capitalistic interests revolt against them, the institutional weight of Capitalism acts against the workers, unless its political power is destroyed, and Capitalist violence is used to prevent the gradual construction of Socialism (compare the resort to Fascism). As the limitations of reformism appear, and the class struggle sharpens, Communism becomes increasingly ascendant....<sup>7</sup>

All issues and social action are increasingly embodied in the struggle of the two great antagonists; the proletariat and the big bourgeoisie, who typically represent the clashing new and old social orders... the struggle of the proletariat and big bourgeoisie dominates all class relations... The middle class... must align itself with one or the other of the two great antagonists... Neither struggle represents, nor can represent, the interests of the *whole* middle class.<sup>8</sup>

*The task of Fascism is to turn the revolt of the petty bourgeois masses against their own interests by mobilizing it against labor, against democracy, progress and Socialism.*<sup>9</sup>

Fascism arises out of bourgeois democracy itself, under the conditions of rapidly declining Capitalism, unbearable economic pressure, and increasing instability of class relations; the middle class loses its faith in democratic government while monopoly capitalism finds it more necessary to crush ruthlessly the constantly more militant struggle of the workers.<sup>11</sup>

The policy of moving “gradually” towards Socialism by means of democracy and reformism is disastrous, as democracy and reformism must both be destroyed under the conditions of capitalist decline. In Germany, the middle class and the peasantry upon whom declining

<sup>7</sup> Corey, *op. cit.*, p. 339.

<sup>8</sup> *Ibid.*, p. 339.

<sup>9</sup> *Ibid.*, pp. 339-340.

<sup>10</sup> *Ibid.*, p. 345.

<sup>11</sup> *Ibid.*, p. 346.

Capitalism thrust its burden *made the Social Democratic Party and the union workers responsible for all the misery of capitalist decline.*<sup>12</sup>

The final issue is Fascism or Communism. Corey points to the striking contrasts in production under Capitalism and Communism in the depression years. The index of industrial production fell from 100 in 1929 to 64 in 1933 in the United States, in Germany to 66, in England to 86. It rose in the Soviet Union from 100 in 1929 to 201 in 1933. In 1928-1932 in the Soviet Union there was an increase of 100 per cent in employment, an increase of 85 per cent in the national income, an increase of 67 per cent in average yearly wages. Mr. Corey overlooks the fact that during these years, under a relatively closed economy in a land of immense resources, Communism was expanding tremendously in the production of capital goods (industrial machinery), in a land where the means of subsistence could be easily produced by the peasants.

Socialism means concrete freedom, "freedom of consumption."<sup>13</sup>

This is the gist of the arguments of the American Communist for revolution and against a gradual reconstruction by parliamentary democratic methods.

Well, if we scrap our political system, as well as the capitalistic system of productive relations, by one revolutionary blow, we shall have to install a dictatorship. Some oligarchy must run things with a high hand and a strong arm. Who shall choose the dictators and how? Who will the dictators be? And what, in the meantime, will be done to those who wish to preserve civil liberties? Some of them will be shot and the rest, I suppose, sent to reclaim the eroded lands in the West and elsewhere in Concentration Conservation Camps. Some group has to choose the dictators to run the whole business. In American Communism I suppose it would be the Farmer-Labor Soviets or Councils, in which the industrial workers would be most active because the farmers are scattered, harder to get together and slower to act. The American Federation of Labor, being exclusive and bourgeois, would not do unless it were radically altered. The big bourgeoisie, their petty bourgeois satellites, and the poor liberal democrats

<sup>12</sup> *Ibid.*, p. 346.

<sup>13</sup> *Ibid.*, p. 350.

who had clung to the hope of reform by democratic and legislative processes would be disfranchised. The factories, mines, railroads, telegraphs, telephones, and so on would be expropriated! All private securities would become worthless. Even the national debt would be repudiated. The workers would man the factories and choose the managers and supervisors. The chain stores and department stores would be socialized, also without compensation. Distribution would become a very serious problem, since we have as yet no considerable coöperative set-up, such as Russia had. Certainly spying, arrest on suspicion, imprisonment, and execution would become pretty common.

I confess that to me the choice between Fascism and Communism is the choice between the devil and the deep sea. I would somewhat prefer the sea. But, on the whole, I would prefer to muddle along by gradualistic reformistic democratic methods towards a more socialized collective economy—the way of Scandinavia, Great Britain, and the British Dominions. I am not willing to relinquish parliamentary democracy for any loaves and fishes, nor even barter civil liberties for the chance of a better old-age pension.

The Russians have already achieved great things in industry and literacy and care for children and health—at a tremendous cost in life. But hardly at a tremendous cost in civil and political liberties, *since they never had these*. They are welcome to more and greater things. I am much interested. *But I am not a Russian. I am an Anglo-Saxon. I don't care to surrender personal and political liberty for any other promised good.*

## CHAPTER XII

### PRODUCTIVE EFFICIENCY

ONE of the chief arguments commonly advanced against a more equitable distribution of purchasing power is that based on dividing the total national income in a selected year by the total population, and thus showing that, if incomes were divided equally, it would result only in every one in the lowest brackets receiving \$100 or so more a year—a mere drop in the bucket. But this sort of argument is fallacious and not to the point. It overlooks three fundamental questions: (1) What is the *real income*, that is, the income in terms of the purchasing power of a dollar at the time? Even more important than the first question are the second and third. (2) To what extent was the nation's actual capacity to produce utilized in the selected year? (3) To what extent is the nation's capacity to produce extensible?

On the second question, until very recently, we have had no extended investigation. On the third question, the results of inquiry have not been brought together. It is obvious that, in an efficient social economy, the only limitations on capacity to produce are the limitations of irreplaceable natural resources, such as coal, gas, and minerals; and the limitations of human labor power. The latter limitation is very loose for two reasons: (1) The development of technology has greatly multiplied man's labor power, and this multiplication is still going on. We do not know what its ultimate results may be. (2) The number of workers available depends partly on the availability of the means of subsistence. Obviously, those who cannot get decent conditions of subsistence are not available for effective work. Obviously, too, the pressure of want leads to the restriction of population, by postponement of marriage, by contraception and abortion, and a high infant mortality.

With regard to natural resources, the only present visible



limitation is on the supply of forest products, and this limitation is expansible by systematic afforestation.

Consequently the second main problem is the crucial one. What is our capacity to produce? We can weigh this problem only in terms of the productive instruments now at hand.

What is frequently overlooked, in public discussions of this question, is that, under the so-called open market, or let-alone, economy, *production is artificially held in check, in nearly all processing of goods, by an eye to profits. When profits fall production is slowed down or stopped entirely.* The industrial plant lies idle part or whole time.

The exhaustive inquiry by the Brookings Institution, published as *America's Capacity to Produce*, found that even in the period 1900-1930 America produced only 80 per cent of the capacity product. In the period 1925-1929 there was 22 per cent non-utilization of capacity to produce, in 1929, 19 per cent non-utilization. In the second volume of the Brookings Institution, *America's Capacity to Consume*, it was established that the failure to produce was due to the lack of purchasing power, on the part of about three-fourths of the population. In the Institution's third volume, *The Formation of Capital*, it was shown that the saving of money by the minority does not create a demand for *capital goods* unless there is an effective demand for more *consumption goods*. If the potential consumers cannot buy, the Capitalists will not invest their savings in equipment to produce consumer's goods. When the market is glutted, either prices fall to non-profitable levels or production stops.

But "capacity" is a very ambiguous word. In making this estimate, the Brookings Institution assumed that, in those products for which the demand is seasonal—for example, perishable goods, winter wear and fuel, yearly models in autos, and the like, capacity was to be judged only in terms of seasonal operation of the plants. Moreover, many plants run only on one or two shifts, because of the limitation of the demand; whereas nearly all plants could run for twenty-four hours. Many goods, such as fine steel, are durable and may last hundreds of years. Under an honest social system, boots and shoes, clothes,

razor blades, tools, and so on, would be more durable. Now shoddy ones are produced to sell more.

In order to make a fair estimate of production capacity, it is necessary to consider how far seasonal production can be overcome, and also, in the case of basically useful goods, what could be produced with the plants running full time. This has been done by Harold Loeb and his associates in *The National Survey of Potential Product Capacity*. The results are now published by the New York Housing Authority, and summarized in *The Chart of Plenty*.<sup>1</sup> The associates find that, whereas the United States produced in 1929 a total income of over \$96,500,000,000 (including the imputed rental values of lands and buildings used by their owners and of foods consumed by their producers), the country then had the capacity to produce over \$135,000,000,000 in terms of 1929 dollars.

In this estimate of potential product capacity they do not include "scarcity" goods; such as gold-plate dinner services, diamonds, rare paintings, books, china, and so on. They included such foods, apparel, housing, furniture, heating, lighting, transportation, communication, education, health services, recreation, and amusements as would supply to all the means of a decent and moderately full and varied life. These estimates are based on the actual resources in materials, labor, and actual plant possibilities in sight in 1929. Their national budget is made upon this productive capacity of \$135,000,000,000 as of 1929. The movements of production in the following years are those easily possible without any unforeseen technological inventions. The goods and services actually consumed in 1929 are estimated at \$93,917,894,000, this figure being total production less excess of exports over imports and the inventory carried over to the next year. In 1934 leading engineers and industrial executives reported to the Columbia University Commission that production could be increased 77.6 per cent.

Taking the Brookings figures that the 1929 production was 19 per cent under capacity, the total national loss during the six years, from a badly functioning economy and failure to use a

<sup>1</sup> Quoted by permission of the publishers, the Viking Press.

highly developed technology, was about two hundred and fifty billion dollars. The total national income for these six years at 100 per cent efficiency of the 1929 plant would have been 576 billion dollars. The above calculations are based on the Department of Commerce figures for income produced (the Brookings figures for actual income are a little higher), and the Brookings Institution figures of actual capacity in 1929, which was in round numbers 96 million dollars. Harold Loeb and his associates point out that the Brookings estimate accepts capacities which are below the possible plant and materials capacities, since they allow for seasonal production. The Loeb figures of capacity for 1929 are 135 billion dollars. Suppose we compromise and call it 115 billion dollars. Then, during the six years 1929-1934 the United States fell short of its possible production of the means of living to the amount of 364 billion dollars, *not making any additions for increase in production capacity*. This measures our failure during six years, in the last of which a mighty effort at recovery was attempted. Grant that no system can be devised that will be 100 per cent efficient, it still seems obvious that such a staggering failure of the system of let-alone individualism means that it is pretty well played out and that we had better try a planned economy. We could not do much worse, with the technical knowledge and skill and the abundant resources and human energy that we possess, and *we might do better*. It is objected that a planned economy is a frozen economy. That is guesswork in regard to an untried system (it is being tried in Russia). But it is as plain as the nose on one's face that a planless economy is now wasteful in materials, human energy, and human feeling.

Why, then, even in the peak year of maximum prosperity did the total real income fall so far below the possible income? Why were 42 per cent of the population below even a decent subsistence level? And why, when one and one-half billions of goods produced in 1929 remain unused, did we start sliding down a steep declivity, reaching bottom in 1933? Admitting all the wastage of the war and the fact that a great deal of the surplus wealth of the wealthy was invested in now worthless foreign "securities" as well as in the speculative market at home, this

unescapable conclusion remains: There is no really open market for industrial products controlled by powerful integrated concerns; consequently, when profits are falling or vanishing by reason of the inability of the mass to purchase the products, either prices are kept up by the cessation of production, which in turn further reduces mass-purchasing power by increasing unemployment, and so aggravates the condition; or, in order to reduce prices and save profits, labor costs of production, the most flexible item in production, are reduced by the installation of more labor-saving machinery, and thus mass purchasing power is further reduced.

#### PRICES AND PRODUCTION

The "let-alone" theory is based on the doctrine of free competition in the open market so that, as the supply increases in proportion to the demand, prices fall. But the open market has been abolished in big industry. If the United States Government asks for bids for a large contract in steel it gets the same figures from six different companies. If a meat retailer cuts prices, then the big packers all refuse to sell to him. In the automobile industry prices for the new models are announced months ahead, and there is very little difference in prices in the same type of car and only small reduction in prices as a result of labor-saving devices.

In agricultural products prices dropped from 100 in 1926 to less than 40 in 1932 and 1933, over 60 per cent; production remained about the same. Thus a farm yielding income of \$1,000 in 1926 was reduced to \$400 in 1932. In agricultural implements from 1926-1933 prices dropped about 6 per cent, whereas production, which went up to 150 (or 150 per cent) in 1929, dropped to 20 (or 80 per cent) in 1932.

The following table shows the inflexibility of industrial prices: <sup>2</sup>

<sup>2</sup> Stuart Chase, *Government in Business*, p. 111. (From *Industrial Prices and Their Relative Inflexibility*, Senate Document 13, Seventy-fourth Congress, U. S. Government Printing Office, 1935. Reprinted by permission of the author, Dr. Gardner C. Means.)

	Per cent drop from 1919-1933	
	<i>In Prices</i>	<i>In Production</i>
Agricultural implements .....	6	80
Motor vehicles .....	16	80
Cement .....	18	65
Iron and steel products .....	20	80
Tires .....	33	70
Textiles .....	45	30
Food products .....	49	14
Leather .....	50	20
Petroleum .....	56	20
Agricultural commodities .....	63	6

Prices are administered by big business. In the large integrated units prices are kept high and production slowed down in order to keep profits up. Monopoly obtains. There is not a free market. It is competition and production controlled for profits.

The free market exists among the small unorganized producers, farmers, gardeners, creameries, food processors, oil drillers, textile mills.

In the large integrated industries individuals in great corporations make industrial decisions by trust or trade agreements. The "price chiseler" in business is like the "scab" or "strike-breaker" in labor.

Under the let-alone system there is no escape from the cycle of bigger booms and worse depressions. Leaving out of account, as wild and disastrous remedies, radical inflation and deflation, there are two possible ways of escape:

1. Under the let-alone capitalistic system the rulers of *integrated* industry and finance *might voluntarily resolve* to scale down profits, say to 3 per cent, eliminate all forms of speculative rigging of the security market, pay higher wages than they need to pay (wages always tend, especially during a depression, to fall to the bare minimum of subsistence), establish generous old-age disability and unemployment pensions, and reduce prices substantially and keep them down. This is the challenge to all business men made by the Brookings Institution. But will they do this? And if they try it, how will they force the entrepreneurial scabs to conform? Under the present system employers are caught between the devil of paying *mere subsistence*

*wages and cutting down labor costs by installing more machinery in order to make profits and stay in business, and the deep sea of paying high wages in order to provide a market for their goods. If they do the latter they are ruined. If they do the former they bring on a depression, and if it continues they are ruined along with the employees. Under the let-alone system there is no escape from the dilemma:*

It apparently takes about two-thirds of our workers and an even smaller utilization of plants, to provide mere subsistence for our whole people. By using all our available workers and operating the existing plant efficiently, a comfortable living for every one would be provided.

Since the present economic system has no means of distributing goods and services in the excess of an amount which provides little more than subsistence for those possessing no property income, either the present system of rewarding labor must be discarded, or the plant and personnel must be operated at two-thirds speed, or one-third unneeded productivity must be diverted into waging war, preparing for war, or some new large-scale speculative undertaking whose nature has not yet been envisaged.<sup>a</sup>

2. The only other alternative is the socialization of the means of production and distribution of those consumer's goods necessary to a decent and full life—food, clothing, shelter, means of education, health, and modest recreation.

Mr. Loeb's proposals for a new order are based on the following principles:

1. That the traditional open-market system is a satisfactory method for producing and distributing such commodities and services as are by their nature scarce. Since the supply of such goods is less than the potential demand, their prices do not tend to drop below the cost of production.

2. In the case of commodities and services that can be supplied in the desired quantities, if their production be left to the play of open-market forces their prices tend to drop below the cost and enterprises are rendered insolvent and workers disemployed. Under the let-alone system, when faced by this condition, both enterprisers and governments create an artificial scarcity which only aggravates the situation. Before such goods could be produced in the desired abundance the enterpriser-manager

<sup>a</sup> Harold Loeb, *The Chart of Plenty*, p. 161.

served the socially useful function of taking risks, and thus promoted technological development. Now the great industries are actually run by salaried experts and the enterprisers are a widely scattered multitude of holders of "securities," the policies of the enterprise being determined by a handful of minority security holders (sometimes in the case of holding corporations by persons owning only from 5 per cent to one per cent or less of the capital stock). The let-alone enterpriser for potentially abundant goods has served his turn. He is now an anachronism. *The practice of non-production is now the chief cause of our difficulties.*

The remedy is a planned production with a greater buying power, in the case of potentially abundant goods and services of common need and use, distributed to all who are capable and willing to work; with provision for those unable to work (children, old people, and chronic invalids). Mr. Loeb argues that abundance of goods cannot be maldistributed. "If you produce enough milk for every individual in the land, you must, in order to consume it, distribute it to every individual or throw it down the gutter." The provision of a sufficient buying power "insures, in a country as rich in resources and as proficient in technology as the United States, plenty for all."

The measures he proposes to achieve this goal are:

(a) A budget should be drawn up listing such goods and services as can be supplied in quantities *sufficient to satisfy* the needs and customary wants of the total population.

(b) The industrial and natural resources needed to fulfil the budget should be acquired by purchase under the right of eminent domain.

(c) The industrial plant thus acquired should be operated for society by those capable of working. The jobs, the hours, and the rate of pay of the individual workers being arranged so that each may, as far as possible, work with the greatest efficiency to fulfil the budget.

(d) Farmers, whose land tenure need not be disturbed, should be asked to increase their production the 14 per cent or so necessary to fulfil the budget, in return for the vastly expanded living standard to which they would be entitled.

(e) Purchasing power, in the form of credit sufficient to procure the budgeted consumer goods and services, should be issued to all entitled to it by reason of work or disability. This credit would be non-transferable and canceled when used.

The goods and services would include food, clothing, shelter, heat, light, means of transportation and communication, education, health, and recreation.

The plan does not imply equality of income, since the variety of the services rendered would involve considerable differential in the varieties of training, hours of work, and recreation. A scientific investigator, or creative artist or scholar, for example, must have adequate training and undisturbed time, as well as laboratory, library, or other equipment.

As a social engineering plan, assuming the statistical evidence to be reasonably correct, there is just one question in regard to Mr. Loeb's scheme—*incentive* or *motivation*. Given this sufficient buying power, given plenty of good food and clothing, a nice little house, medical service, and all the utilities and conveniences, including education and recreation, will the rank and file—from the directors, superintendents, and overseers down to the humblest workman—give their best services? Or is it necessary to keep many individuals on the ragged edge of want in order to get them to work at all?

I am not able to give any certain answer to these questions. It is undoubtedly the case that many are stimulated by the lifting of the horizon of satisfaction and hope. The sense of defeat, of a starving present and a hopeless future, is the most terrible disintegrator of human energy. It causes neuroses without number. On the other hand, there seem to be many who can be driven to effort only by the pressure of want. They are without much or any ambition for a better life.

It is significant that in the one thoroughly planned economy aiming at abundance for all—Russian Communism—it has been found necessary to introduce sharp differentials in rewards. In 1934 in Russia the average monthly wages in industry ranged from 101.56 rubles to 173.5 rubles. I am informed that in the key industries managers may receive ten or even more times the wages of the average workman.



Commissar Molotov said at the 1935 All-Russian Congress of Soviets: "The wages policy of the Soviet Government aims at raising the standard of living of the whole mass of workers—that, so to speak, is its fundamental basis. But only opportunist chatterboxes will, on this account, replace our policy by a policy of petty bourgeois equalitarianism, paying no consideration to productivity of labor and *to the skill of the worker*. The Bolshevik policy demands a vigorous war on the 'equalitarians' as abettors of the class enemy and as elements inimical to Socialism. After all, the chief aim of Socialism is to raise production of labor to a level unattainable by any other social system."<sup>4</sup>

Mr. Loeb is right in contending that one indispensable condition of a better social order is the raising of the level of productivity. If the Russians have to differentiate sharply in the wage-rate with reference to skill and speed-up (they have just been heroizing the leaders of "speed-up"), is not the proposal to greatly increase production by equal distribution of abundant goods suicidal? And if this distribution of purchasing power is not to be equalitarian, *who* is to decide and *how* is credit to be allocated?

*We must have a more equitable distribution of purchasing power to raise production and keep it up. But how, there's the rub!*

I cannot convince myself that my cook or the man who mows the lawn and takes away the trash is, or ever would be, a good judge of efficient production in either my cousin's auto-parts factory or in the university I serve.

The public ownership of all the instruments for the production of goods producible in abundance could mean only one of two things with respect to social control: (1) dictatorial control by a single dictator or a small oligarchy; or (2) mass control, direct control by the majority of the workers, beginning with shop committees and running up through delegations to national labor groups and culminating in a central industrial congress or parliament who would control everything, including education, culture, and foreign policy. The Bolsheviks have a semblance of this, but

<sup>4</sup> Benjamin C. Marsh, "Russia Revisited," *People's Lobby Bulletin*, September, 1935.

not the reality. In politics we have the reality. By it we get good men, and also stuffed shirts and cheap unscrupulous demagogues and windbags and fools in public office.

That we must have more social control of economic activities, and even more publicly owned and operated industries, is obvious to me. We must speed up production for democratic consumption for a more abundant life. But we had better go slowly and tentatively until we see how Russia comes out. We need a great deal of social education before we can embark safely on a program of wholesale Socialism. And perhaps, when we have had enough ethical education, we shall not need to embark on that Leviathan. One thing is certain: *we can have plenty for all, if we will; but only under a more socialized system can we, if we will. We will, if we have sense enough.* There's the rub! Can a democracy develop the requisite social intelligence and build a coöperative commonwealth?

The following points must be kept in mind in the consideration of possibilities of production. (1) Any system of production of economic goods is part of a larger pattern of social and political order. (2) The effective motivations to production are, to a very large extent, the results of the total social-political order. One cannot argue, for example, that because Russia, in the process of being industrialized collectively, is making giant strides from a primitive peasant economy to an advanced industrial system, therefore full Socialism would result in America in our surpassing, in a high degree, our past achievements. Russia's economic system, such as it was, had gone to pieces. The Bolshevik leaders had a program and they were exceedingly able and devoted men. They are putting their program across by drastic methods—by exile and execution, as well as by education. When they have achieved relative abundance, when they have nearly reached the present American standard of living, will they slow up? Will the motives of scarcity and deprivation with the hope of abundance and comfort bright on the horizon, continue to operate? If not, will the motive of greater plenty for all be effective? Will the threat of exile or execution for saboteurs and antisocial plotters and grafters require to be kept in force by the strong arm of the oligarchy; or will the obvious benefits of social

coöperation so prevail in the minds of the people that the system will become a voluntary and democratic communism? *It all comes back to the question of social motivation.* Without a widespread activity of the spirit of coöperation for the common good, public ownership and operation can be enforced only by dictatorial compulsion.

If the majority of Americans, by democratic methods, decided to take over and publicly operate natural and constructed monopolistic services (such as water power, coal, oil, and gas, the railroads, and telephones), there would be a great struggle over the valuations in respect to which the private owners were compensated. Then the efficient operation of these services would depend upon the development of a social attitude of coöperation for the common good strong enough to eliminate graft and other forms of corruption and sabotage. The principle, *a public service is a public trust*, would have to be made much more effective than it is now.

On the other hand, the temptations to political corruption would decrease. It must be kept in mind that the chief sources of political corruption and graft now are the glittering baits held out, the bribes and favors offered by private business interests, seeking favors in the shape of gilt-edged contracts, evasion of regulatory control, tariff favors, and so on. The graft and other forms of corruption in public administration are a part of the graft and special favors traded about in private business.

## CHAPTER XIII

### FINANCIAL WIZARDRY

SINCE THE CIVIL WAR at least the most powerful social drive has been the drive for economic power. The greatest social prestige has come from the possession of wealth, and the influences which it enables one to wield. Consequently, the great generals of industry and field marshals of finance have been looked upon as our greatest men. For example, when James W. Gerard was asked to name "our rulers," he named fifty-nine leaders in business, industry, and politics; but not a single scientist, scholar, minister of religion, educator, writer, or artist.

It was perhaps inevitable that this social attitude should prevail on the greatest pioneering field on earth, being occupied and exploited in the age of economic individualism and machine technics. It is well to remind ourselves of some of the methods prevalent among "our rulers" in the present and near past.

#### 1. THE EMPIRE BUILDERS

The magnates of railroad building, of steel, oil, electricity, of meat-packing, and the kings of finance who supplied them with the sinews of war and manipulated the stock issues, looked upon themselves, and have been looked upon by the multitude, as empire builders. The story of the rapid westward expansion of the country, from the end of the Civil War to the first years of the twentieth century, and its tremendous industrial expansion in the Eastern and Central states, is perhaps the greatest epic of expansion in the history of mankind. In terms of growth of population and increase of production and wealth the Roman Empire does not compare with it.<sup>1</sup> Even the British Empire falls behind it.

<sup>1</sup> C. A. and M. P. Beard, *The Rise of American Civilization*, Vol. II; L. N. Hacker and B. B. Kendrick, *The United States Since 1865*; J. R.

The builders of the transcontinental railroads were looked upon as empire builders: such men as Collis P. Huntington, Leland Stanford, Mark Hopkins, and Charles Crocker of the Central Pacific; Jay Cooke and Commodore Vanderbilt of the Union Pacific; Jay Cooke and Henry Villard of the Northern Pacific; Jim Hill of the Great Northern, J. P. Morgan, Hill's backer, and E. H. Harriman, reorganizer of railroads (especially of the Union Pacific).

These men did promote Western expansion. But they did not make the soil, the climate, the minerals, and the oil, nor did they produce nor feed the millions of hard-working people hungry for a decent livelihood. What they did was to take advantage of the most unexampled opportunity ever offered to men in Western civilization to exploit virgin land and their hungry fellow men to make millions. In no case did they put much hard-earned money into their enterprises. Stanford went to Washington having, with his associates, raised \$200,000, which was spent on getting a charter from Congress. They received millions of acres of land, and government subventions of \$18,000 a mile for building in the level country and \$48,000 a mile in the mountains. They issued stock, much of which they gave to themselves. They incorporated a construction company, and paid themselves very generously for construction.

This is a typical story. The promoters of the Union Pacific did the same. Their first construction engineer estimated the average cost at \$27,000 to \$30,000 a mile. On remonstrance by Vice-President Durant, he raised the cost to \$50,000 a mile and resigned. The price charged by the construction company was \$94,000 a mile. Later, government engineers were unable to figure the maximum cost at more than \$44,000 a mile, leaving \$50,000 a mile unaccounted for.

Huntington and his associates of the Central Pacific forced the California cities and towns to furnish free terminals and waterfront, and to buy stipulated amounts of stock. The punishment for failure to buy was to pass by and ruin the towns. This affair is typical.

Commons and others, *The History of Labor in the United States*; Matthew Josephson, *The Robber Barons*.

The greatest scandal was that of the Union Pacific Construction company, the *Crédit Mobilier*. Oakes Ames, representative from Massachusetts, had been distributing stock freely amongst the most influential members of Congress, including, it is alleged, a future President, the Democratic floor-leader, and the Vice-President. The first mortgage, securing the government loan of \$27,000,000, was set aside by fraudulent procedure, and a new one executed, the proceeds of which were diverted to the holding company.

After the main transcontinental lines—the Union Pacific, Northern Pacific, and Great Northern—were built, the struggle began for monopolistic control. Various parallel lines were built for the sole purpose of forcing the larger lines to buy them out; such were the Erie and the Nickel Plate.

The object of monopoly was, of course, to charge all that the traffic would bear. In the West the Northern Pacific, promoted by Jay Cooke and Henry Villard, was such a parallel line—superfluous and badly built. Hill, backed by Morgan, acquired control of it. But Hill needed access to the populous markets of the Middle West—Chicago, St. Louis, Kansas City, and so on. He acquired the Chicago, Burlington, and Quincy. Then the Harriman-Rockefeller group sought control of the Northern Pacific—to squeeze out the Hill-Morgan group. To save themselves, the Hill-Morgan group started to buy up 150,000 shares of Northern Pacific common, which would insure control. Everything else was forced down, as Northern Pacific common went up to \$300 and \$500 a share from \$110. This precipitated a panic. Mr. Morgan in Paris replied to one who asked him if, “some statement were not due the public,” “I owe the public nothing.”

The railroads were mere counters in vast speculative games played by Jay Cooke, Jim Fisk, Jr., Jay Gould, J. P. Morgan, and E. H. Harriman. They forced stock up and down at will. They bought legislators and judges. They hired thugs. The Erie ring—the Gould and Fisk ring—tried to get the Albany and Susquehanna by force from Ramsey and Morgan. Fisk, with a dozen Erie porters, tried to seize the books. Fights continually went on. Finally, a train-load of armed men was dispatched by the Ramsey-Morgan group from Albany and an opposing one by the

Gould-Fisk ring from Binghamton. The locomotives met in head-on collision and the gangs, having jumped off, gave battle, the Ramsey-Morgan thugs winning.

During the fight for the Erie, Daniel Drew, Gould, and Fisk, with warrants and writs out for them in New York, escaped with six millions in greenbacks to New Jersey. They set up the offices of the Erie in Jersey City with an armed guard.

Every sort of chicanery, fraud, political and judicial corruption, and, where necessary, violence were resorted to by these financial giants.

The attempts to build up monopolies in oil and meat packing, by secret agreements and railroad rebates and cut-backs, is notorious. The Standard Oil Company led in oil, and Armour, Swift, Nelson Morris, and Cudahy in meat-packing. The United States Steel is a similar enterprise aiming at monopolistic control. It was built up by Frick, Gary, and Morgan.

These are a few samples of our rulers, our really successful men, held up as examples of the pioneer American spirit. Public utilities and necessities in consumer's goods were to be controlled by investment bankers, by kings of finance, to charge all the traffic would bear for the largest possible profit to the controllers.

## 2. METHODS OF HOLDING-COMPANY CONTROLS

Of the stocks listed on the New York Stock Exchange in 1929, 130 companies controlled more than 80 per cent of all the companies represented. The 200 largest holding companies controlled nearly 50 per cent of all the non-banking corporate assets in the United States and had 43.2 per cent of the total income. Since 78 per cent, and probably more, of all wealth in the United States is corporate wealth, the 200 corporations controlled 38 per cent of all the wealth in the United States exclusive of farm land and residential real estate. The annual rate of growth of the 200 companies from 1909-1928 was 5.4 per cent. If this rate were to keep up, in twenty years the 200 large units would own 80 per cent of all corporate wealth, and in forty years practically all of it.

Nearly all corporations are controlled by those who own the

minority of the stock, sometimes 5 per cent, sometimes less than one per cent. This is done through various legal devices. Pyramiding stock ownership is a common device—holding a majority of the voting stock in a subsidiary. Another favorite device is to issue in the subsidiaries non-voting bonds and various kinds of non-voting stock, keeping the voting power in a small portion of the total stock. Another device is to issue the voting stock to the favored few at such a low rate that they can buy control with a small investment. For example, in 1929, Cities Service Company sold H. L. Doherty and Company one million shares of a \$1 preferred stock, each share carrying one vote. The common stock sold to the public; each share carried one-twentieth of a vote. A fourth device is to issue trust certificates, giving complete control to the inside group. By a combination of these features a top holding company can control a vast empire with only a fraction of one per cent of the total securities involved.

### 3. INFLATION OF PROPERTY VALUES

Doctor N. R. Danielian of Harvard has enumerated ten methods of inflation of property values.<sup>2</sup> These are: (1) capitalizing a rising price level, by writing the properties up to "present worth"; (2) organizing a new operating company and transferring to it the stock of existing companies at inflated values; (3) writing up unused land and water rights; (4) loading operating companies with charges for "construction services"; (5) ditto for "organization" expenses; (6) ditto for "going concern value"; (7) ditto for interest on the value of unused land; (8) ditto for stock and bond discounts; (9) not writing down property accounts when the property becomes useless; (10) taking deficits of a predecessor company into the fixed capital of the successor company.

I have room for only a few specimens of these procedures.

First: The Associated Gas and Electric Corporation wrote up its properties and stocks from 1924-1929 in the amount of \$88,103,000. The Electric Bond and Share Company, after a con-

<sup>2</sup> "Power and the Public," *Harper's Magazine*, June, 1935, Vol. 171, pp. 36-47.



solidation in 1927, wrote up its shares by \$399,201,827. The American Gas and Electric Company was written up to the extent of nearly eighty-six millions.<sup>3</sup> Senator Norris in the United States Senate, seventy-third Congress, first session, July 13, 1932, listed 12 companies whose total write-up was over two hundred millions of dollars. He gave as the grand total of write-ups in light and power over \$925,985,000 in "water" or "air," on which consumer's rates must pay dividends. The American Power and Light Company has split its stock ten for one, the National Power and Light Company fifteen for one.

Second: In 1890 the Washington Power and Light Company purchased the Edison Electric Illuminating Company at \$121,000 in excess of its book value. In 1924 the Long Island Lighting Company purchased a back yard for \$65,000. Soon afterwards it claimed that the property was worth \$350,000. The General Theaters Equipment Company took over the International Projector Corporation in 1929. The one million shares of the latter concern then had a book value of about two and a quarter million dollars. They were then written up or "watered" to the extent of 76 millions.<sup>4</sup>

Third: The New York State Gas and Electric Company owned an undeveloped water-power site, which had cost \$2,271,000. The company figured that if the site were developed at a cost of \$3,500,000 and the current all sold, it would earn \$800,000 a year. So it capitalized the possible earnings of this site at \$10,000,000. Deducting \$3,500,000 for development, it credited itself with a new asset of \$6,500,000; and, of course, charged to consumer's rates \$250,000 for an 8 per cent return on this purely hypothetical asset.<sup>5</sup>

Fourth, Fifth, Eighth: The Associated Gas and Electric Company sold its services to the subsidiary operating companies on the following profit basis:  $2\frac{1}{2}$  per cent for management,  $7\frac{1}{2}$  per cent for engineering services, 6 per cent for investment services.

<sup>3</sup> *Hearings of Federal Trade Commission on Utility Corporations*, Pt. 22, p. 629.

<sup>4</sup> For further examples see Jerome Davis, *Capitalism and its Culture*, pp. 65ff.

<sup>5</sup> *New York Times*, Feb. 5, 1935. (Testimony before the Mack Committee.)

An engineering corporation, capitalized at \$25,000 and owned by H. C. Hopson and his sisters, made a profit of \$1,818,000 in four years from fees for services to the Associated Gas and Electric operating companies. A representative of the New York State Public Service Commission testified that, through his personal holding, Mr. Hopson had in four years made \$2,800,000 profits.<sup>6</sup>

The Associated Gas and Electric Company is a typical public utility corporation. The organization of this company involved the elimination of 296 companies. There remained 164 subsidiaries, of which 104 were operating utilities; the remainder consisted of engineering companies, vendors of electric appliances, and so on. Before it ceased to pay dividends the Associated Gas and Electric Holding Company was controlled by two men (H. C. Hopson and J. I. Mange) who owned practically all the voting stock. The Company had 3 classes of common and 6 classes of preferred stock, 7 issues of secured bonds and notes, 24 issues of debentures, and 4 of investment certificates.

The sale of the property of the Westchester Company from the United Gas Improvement Company to the Consolidated Gas Company was effected by forming a dummy "twenty-four hour corporation," the New York and Westchester Lighting Company. To this company the physical properties, but not the franchises, of the Westchester Company were transferred. It issued \$12,500,000 worth of bonds of the United Gas Improvement Company to pay for the property. Then the United Gas Improvement Company transferred all the stock of the New York and Westchester Lighting Company to the Consolidated Gas Company, on consideration of the latter guaranteeing all the obligations of the Westchester Company. Then the "dummy" company was merged back in the original Westchester Company, and the \$12,500,000 bonds became the liability of the Westchester Company and guaranteed by the Consolidated Gas Company.

According to the testimony before the New York legislative committee of 1935, J. A. Mack, counsel, investigating public utilities, the Consolidated Gas System of New York had, in the

<sup>6</sup> *Time*, Vol. 26, No. 5, July 29, 1935.

ten-year period since 1925, invested \$29,300,000 in cash in the Westchester Lighting Company, and made a profit in the same period of \$27,000,000. Furthermore, from 1900-1904, with the United Gas Improvement Company of Philadelphia running the Westchester Company, a \$3,000,000 company became a \$30,000,000 company, \$23,000,000 of the increase being watered stock. It was charged that abandoned gas-tank sites, garages, and lands on which wrecked and dismantled gas-plants were the principal structures were included in the Westchester Company rate-base as "used and useful property."

It is not, in these matters of "write-ups" or watering stock, cutting melons and other forms of juggling "securities" and making the public pay, either in high utility rates or loss of investments, a question of the honesty of individuals nor even of their sense of social obligation. Some of them give large amounts to worthy public causes. Doubtless many of them are deeply troubled when their operations wipe out the savings of numerous small fry—of clerks, teachers, ministers, widows and orphans. There seems to be no effective way under the "let-alone" economic system of stopping these operations. As I write these words, the large holding companies are almost without exception refusing to register under the new S.E.C. (Securities and Exchange Commission) and are fighting the constitutionality of the law. Indeed the only large one reported as registering is the New Mid West Corporation, a reorganization, in chartered form, of the "busted" Mid West Securities Corporation of Samuel Insull.

#### 4. MORE SPECIMENS OF FINANCIAL LEGERDEMAIN

In Detroit, banks were consolidated into two huge banking concerns. These concerns tied up most of their assets in real estate. One of them built a sumptuous business palace. One loaned to poor corporations with assets not worth over 7 million dollars, 17 million dollars. One Detroit bank, where deposits fell 6 million dollars, got a big depositor to deposit 10 million dollars on the last day of the month, which was withdrawn two days later, after swelling the monthly report of the bank.

Huge holding companies and super-holding companies were

formed to absorb sound public utilities, especially gas and electric companies. The Insull Corporation, "Mid West," is the most notorious of these. Great campaigns of high-pressure salesmanship were put on, to get holders of securities in these local companies to exchange them for shares and debentures of the holding companies. All that the latter did was to increase the overhead charges, and so, when local savings shrank somewhat, the inflated securities of the holding companies declined; in one case the shrinkage was from \$125 a share of par value \$100 to 75 cents per share.

In Cleveland the Van Sweringens, who started out as real-estate promoters, controlled railroads, trolley systems, office buildings, stores, hotels, coal companies, shipping companies, and terminals. The Nickel Plate Railroad was bought by them for  $8\frac{1}{2}$  millions, 2 millions being raised through a holding company. The Nickel Plate Security Corporation was organized. This company agreed to buy the Nickel Plate. To do so it borrowed 2 million dollars from the Guardian Trust Company. The agreement was the collateral. Then the Securities Company issued \$2,075,000 worth of preferred stock and \$12,500,000 worth of common stock. They sold \$1,575,000 worth of the preferred stock for cash, giving to the purchasers an equal amount of common stock—\$1,575,000. They, themselves, subscribed to \$500,000 worth of the preferred and got \$500,000 worth of common stock. They also owned \$10,000,000 worth of common stock for which they paid nothing. The \$500,000 which they paid for the preferred stock, they borrowed from the Guardian Trust Company, and *put up the new stock for security. In short, they paid for the stock with money borrowed on the stock.* This is a typical financing operation. They bought the Chesapeake and Ohio, Erie, Pere Marquette, and Missouri Pacific and a number of smaller roads by the same methods. To buy the C. & O., the Nickel Plate Securities Corporation borrowed 7 million dollars from the Van Ness Company and the Van Sweringen Holding Corporation, which in turn borrowed 3 millions from the Guardian Trust Company. When they bought the Erie railroad they paid about \$11,200,000 for it, and the Van Ness Company borrowed that amount from the Cleveland Trust Company. Finally in a super-

holding company, The Alleghany Corporation, they gathered up all these other companies. In getting control of the Cleveland Railroad Company, they rented the stock at \$10 a share for the privilege of holding and voting the stock, guaranteeing dividends at 6 per cent a year, putting the rental agreement into the control of another holding company, The Metropolitan Securities Inc. In 1932 the latter company owed the banks \$4,335,000. The Guardian Trust Company organized a corporation to own its own new building—The New England Company. This company bought the Hollenden Hotel. In one year the hotel company had a deficit of 2 million dollars. The subsidiaries of this bank had caused it losses of nearly fifteen million dollars. Officers and directors of the bank borrowed from their own and other banks, either with inadequate or no security. Millions were borrowed by the affiliates. In the American Trust Company, three leading operators had loans aggregating 24 million dollars more than the total corporation stock of the bank. Millions were loaned on the most dubious security.

When in 1932 the squeeze came, nearly fifty million dollars of government funds were put into the Van Sweringen Railroads. The Van Sweringens had a loan of nearly five million dollars, in the name of the Van Ness Company, in one Cleveland bank. It was secured by \$6,500,000 collateral. Needing this collateral for a new loan in New York, they had the bank transfer the \$5,000,000 loan to their own name, thus releasing the collateral. In its place they put about \$600,000 worth of collateral.

The Reconstruction Finance Corporation loaned the Guardian Trust Company 12 million (it had 6 million worth of Van Sweringen paper) and the Union Trust Company, 14 million (it had 10 million worth of Van Sweringen paper). These loans failed to save the day. The banks were closed. The Van Sweringen concerns were in default over \$3,500,000 in taxes, millions in savings in the banks had been lost by the public, more millions in worthless securities and real estate loans, more millions through the purchase of lots and subdivisions, and millions expended by the county on real-estate subdivisions.<sup>7</sup>

<sup>7</sup> John T. Flynn, "The Betrayal of Cleveland," *Harper's Magazine*. Vol. 168, pp. 142-158.

*The Sequel.* The Van Sweringen empire valued at 3 billion dollars, embraced 14 railroads operating 23,000 miles of track and 240 companies interested in coal-mines, department stores, hotels, trucking companies, steamship lines, grain elevators, rail and motor equipment, street-car companies, and one peach orchard.

The major holding company of this empire is the Alleghany Corporation. In 1935 the Van Sweringens owed some 42 million dollars to New York bankers. At a little auction room in New York on September 30, 1935, the Mid-America Corporation (George A. Ball and George A. Tomlinson) bought control of the 3-billion dollar Alleghany Corporation for \$274,682; in short, every 10 cents in this investment controlled \$1,000 in securities. The Van Sweringen brothers were given a ten-year option to purchase 8,250 shares of stock at one dollar a share, *voting control to go with the option*. The Van Sweringens never paid in the \$8,250. Mr. Ball held the voting control which gave the Van Sweringen brothers control. They died and it was then held by Mr. Ball, who has since sold Mid-America Corporation.

During the Senate investigation in December 1936, Joseph B. Eastman of the Interstate Commerce Commission, charged that the Missouri Pacific Railroad Company, a Van Sweringen subsidiary, had falsified its reports of assets to the Commission, the stockholders, and the public. He said it had, as of December 31, 1931, credited itself with a deposit of \$1,600,000 in the Guaranty Trust Company, and as of December 31, 1932, with a similar deposit of \$3,200,000. Mr. Eastman asserted that "the Missouri Pacific did not have a five cent piece in the Guaranty when these reports were made."<sup>8</sup>

The records of the Federal Trade Commission and various Senate investigating committees are crammed with evidence of tremendous "kills" in stock manipulation, such as: Electric Bond and Share, United Aircraft Company, Insull Mid-West Holding Corporation, and so on and so on. In connection with the millions made from an original investment by Mr. Deeds of 300 dollars in Pratt & Whitney stocks, the conjuring trick was well described

<sup>8</sup> New York Times, Dec. 16, 1936, pp. 41 and 46; Nov. 24 and Dec. 10, 1936.

by a reporter as taking millions out of an empty hat in Wall Street.

Such is our inherited economic psychology. Use, service are wholly incidental to profit, to vendability. Private initiative is to have free rein primarily to make profits and, incidentally, to render service. Thus we progress in the midst of the most magnificent opportunity civilized man has ever had, towards monopolistic control—towards a condition in which free opportunity for the multitude means opportunity to have less work and less means of subsistence, less and less economic freedom. Natural resources and inventions are made the instruments for the satisfaction of economic greed and the lust for power by a few.

It does not mitigate this situation to point out, for instance, that Daniel Drew gave a million to a Methodist theological seminary; that Jim Hill, a Protestant, gave a million to a Roman Catholic seminary because he thought the church a most valuable police force to keep the common people in order; that John D. Rockefeller gave great sums to education and religion; that Leland Stanford founded a university and Andrew Carnegie dotted the country with libraries that perpetuate his name, and gave a pension fund for professors (which has now petered out); or that some of them, such as Morgan, Henry Huntington, and W. H. Vanderbilt spent millions on pictures (by dead masters while American artists starved) and rare first editions and manuscripts (while Walt Whitman was kept alive chiefly by the efforts of English literary men). The question is not with respect to the piety or private lives or benefactions of some of our rulers; nor is the fact that they led in the exploitation of virgin resources in dispute. It is a system that has outlived whatever usefulness it once had; and that usefulness was qualified by fraud, corruption, and waste. The models set up for admiration and imitation have been meretricious and harmful. The high finance, the crazy pyramided "security" structures, the corruption of the New Era, are the prolongation of the earlier heritage, in an era in which they are even more harmful by reason of our increased economic interdependence and capacity for production. The coming of "overproduction" was postponed by the expansion into virgin

fields at home and abroad and by the industrial backwardness of other peoples. It has now arrived. No energetic civilized people has now any monopoly of mass production. It is said that the Bata Works in Czechoslovakia have us beaten in the mass production of cheap shoes, Japan in electric light bulbs, cotton, and many other things. We have occupied and exploited a virgin continent. In the meantime the civilized world is being mass industrialized. Africa and the Near East are being exploited by other nations.

We must develop a new economic psychology—a new social-mental habit, or “conditioning” and a new attitude. There are just two principles in this new social attitude—one factual and one ethical: (1) We are all members one of another and we sink or swim together. Human interdependence has increased rapidly in variety, complexity, and range. (2) Production should be primarily for human use, not for profit. Goods are made by man for man, not man for goods. It will be a slow and painful process, one attended by much conflict, to get these principles to prevail. But if we fail in this our civilization will be ruined.

The sketches of the morally dubious and socially disastrous methods of high finance in this volume are not to be taken to imply any reflection on the greater part, perhaps by far the greater part, of business enterprise. The illustrations given are cited as evidence of what *can* go on, legally, under economic individualism.



## CHAPTER XIV

### THE BANKRUPTCY OF ECONOMIC INDIVIDUALISM

#### 1. THE TERMS INDIVIDUALISM, CAPITALISM, AND SOCIALISM

THE TERMS *individualism*, *capitalism*, and *socialism* are all equivocal in meaning. By "capitalism" is usually meant an economy in which the equipment (land, plant, and organization) for the production and distribution of economic goods is privately owned and privately operated. But, strictly speaking, private capitalism should mean only that the plants and equipment are privately owned. If one owns bonds of a city that operates municipal utilities, such as railways, light and power, one is a public capitalist.

We have, to a limited and increasing extent, publicly operated activities in which private individuals own the plant by reason of their purchases of bonds. If, for example, the railroads of the United States were to be taken over for operation by the Federal Government with compensation, that would mean that the present owners of railroad stocks and bonds would receive in exchange United States bonds. This is *State capitalism*. Any investment, the result of saving for productive purposes, is capitalistic, whether the plants to which it applies be privately or publicly operated.

"Wealth" is the instrument of social weal. It may be privately owned and used (for example, clothes and other personal belongings); or privately owned and publicly used (for example, grounds, or an art collection open to the public); or publicly owned and privately used (for example, government property leased for private use and profit); or publicly owned and publicly used.

Socialism is an equally vague word. Strictly speaking, any system of coöperative economy directed primarily for the service of its members and not for profit is socialistic. It might yield

profits, but the profits would be used for public purposes. Again, by "individualism" may be meant:

1. A social order in which there is little or no governmental control over the individual's efforts to make money in any way he can. This is *laissez-faire*, "let-alone," or "rugged" individualism, or "free competition." *Such a condition of things has never existed in its extreme form in any orderly society.* It would be anarchy, "the war of all against all" of Hobbes' Man in a state of nature. But, relatively speaking, rugged individualism means that system which came into being in the eighteenth century, and continued well through the nineteenth century with modification, by which the inherited restrictions of the feudal society and custom were removed and free play was given to man's acquisition and selfish instincts. It was at its height in England up to 1830 and in the United States after the Civil War, before its abuses had led to social regulation. It is still rampant in some of our states.

2. On the other hand, by democratic coöperative individualism is meant a social system which aims to secure to all members of society a fair opportunity to achieve economic security and well-being, education, the normal satisfaction of family life and recreation. That this end can be attained only by a coöperative system in which the materials and instruments of production and distribution are socially controlled is the central contention of this book. In this sense coöperative individualism is only another name for "social humanism": the doctrine that the ruling principle in the social order should be the coöperation of all its members for the fulfilment and enjoyment of all their normal capacities.

Our inherited economic philosophy is *laissez-faire*. This means that the supreme governing motive of all work is private gain. The individual is to work for the highest possible profit if he is a capitalist, to get the largest possible wages or salary if he is an employee; and he may be both—he may invest his savings in business enterprises.

*The acquisitive motive is enthroned above all others.* Greed is made the paramount motive for work. This does not mean that the individual worker labors only for his isolated self. He has

been in most cases a family man with dependents. But the individualistic philosophy holds that, when full rein is given to individual and family selfishness, the entire social body will grow rich, the most goods will be produced for the lowest prices and they will be distributed most equitably.

*The chief function of government, according to rugged individualism, is to protect property and contracts, not to further the good life among citizens.* In general, from the very beginning of attempts to impose safety, sanitary conditions, shorter hours, higher wages, whether by the action of organized labor or by the action of government, the owners of factories and mines and business concerns have opposed all interference as a violation of the freedom that business and industry should have. They also have opposed collective bargaining with employees. A few expressions of this philosophy are: "It is curious to observe how, through the wise and beneficent arrangements of Providence, men thus do the greatest service to the public when they are thinking of nothing but their own gain."<sup>1</sup> The basic assumption is this: *there are iron laws of economics which no society can seek to evade with impunity.* "The natural price of labor is that price which is necessary to enable the laborers one with another to subsist and to perpetuate their race without either increase or diminution."<sup>2</sup> As wages rise the number of wage earners increases, as wages fall below the bare subsistence level the number decreases: "There is no means of improving the lot of the worker except by limiting the number of his children. His destiny is in his own hands. Every suggestion which does not tend to the reduction in number of the working people is useless, to say the least of it. All legislative interference must be pernicious."<sup>3</sup>

There is a definite "wages fund" to be divided among the workers. If one gets more than his share the rest must suffer. Raising the standard of living lowers profits and this in turn throws wage earners out of work:

<sup>1</sup> *Easy Lessons on Money Matters for the Use of Young People* (Society for the Promotion of Christian Knowledge, London, 12th Edition, 1850). Quoted from J. H. Randall's *The Making of the Modern Mind*.

<sup>2</sup> D. Ricardo, *Principles of Political Economy*, Ch. V, Sec. 35.

<sup>3</sup> *Ibid.*, Ch. V.

"The poverty of the incapable, the distresses that come upon the imprudent, the starvation of the idle, and those shouldering aside of the weak by the strong, which leave so many 'in shallows and in miseries,' are the decrees of a large, far-seeing benevolence. . . . It seems hard that a laborer incapacitated by sickness from competing with his strong fellows, should have to bear the resulting privations. It seems hard that widows and orphans should be left to struggle for life or death. Nevertheless, when regarded not separately, but in connection with the interests of universal humanity, these harsh fatalities seem to be full of the highest beneficence—the same beneficence which brings to early graves the children of diseased parents, and singles out the low spirited, the intemperate, and the debilitated as the victims of an epidemic. . . . Those who in their mistaken benevolence try to prevent the sufferings that surround us, these sigh-wise and groan-foolish people bequeath to posterity a continually increasing curse."<sup>4</sup>

Under the very favorable conditions of a country expanding rapidly through exploiting enormous virgin resources, the individualistic ideal took on a new and more roseate coloring in the United States. As recently as 1924, and indeed even after the great depression, one finds such utterances as these. The first is on "the spirit of American Business" by Julius H. Barnes, President of the Chamber of Commerce of the United States. "A social ideal that would close no gate because of accident of birth or station, but would maintain the open road for character, ability, and energy, to attain recognized leadership. A political ideal that national progress and accomplishment are the aggregate of individual effort, and the prime function of government is to maintain fair play and equal opportunity for each individual to work out his own place and accomplishment in a fair field."<sup>5</sup>

Elbert H. Gary, Chairman of the United States Steel Corporation, said in 1924: "I look for great future business prosperity. If it does not soon appear, it will not be for lack of conditions and opportunity. . . ." "Gentlemen, are any of you pessimists? Are

<sup>4</sup> Herbert Spencer, *Social Statics*, Edition of 1850, Ch. 25.

<sup>5</sup> Julius H. Barnes, *The Genius of American Business*.

you discouraged or downhearted? Look ahead. Our lands, our climate, our wealth, our productive and transportation facilities, our increasing consuming desire and capacity, our educational advantages, our churches, our protective national constitution, our floating flag, our spirit of loyalty, all remain. . . ." "Where else on earth can be found another such a nation? Let us be thankful, hopeful, confident, and determined. Let us be loyal to our country, to all others who are interested in what we do or say, and to each other." \*

The aim of achievement in production is more production for profit. The goal is the ever increasing production of material goods bringing more prosperity to the competent worker (at least one bathroom in every house and two cars to every family, electric washing machines, radios, and gadgets). For the business man a country house and travel, fashionable schools and diamonds and ermine for the daughters.

Individualism was written into the United States Constitution and affirmed and reaffirmed in countless Court decisions—leading to the nullification of laws passed to protect women and child workers.

Its praises have been hymned, as the "rugged individualism" under which the United States has grown prosperous and great, by many persons, including Herbert Hoover. Its laudators appear to have overlooked two things:

1. The United States was bound to prosper anyway, since it was a vast, rich undeveloped land, entered into and exploited at the very time and by the very peoples who had in Europe achieved successful capitalism, machine industry, and had begun the era of mass production. *The beginning of the industrial revolution coincides with the beginning of the United States as an independent nation.* The development of technology at an accelerated pace has been coincident with the growth of this country and has largely taken place in the United States. Machine production started in England, but in the new era of mass production on a grand scale the United States has led the way.

2. The rugged individualism has been largely a myth, and has

\* Address on *Pittsburgh Plus*, October 24, 1924 (quoted from J. H. Randall, Jr., *Making of the Modern Mind*, p. 607.)

in recent decades become more and more so. The Constitution and laws have in the main been interpreted and administered for the benefit of the vested interests; in other words, for the protection of private property and contracts. In the development of the country special privileges, in the way of grants of land rights in grazing, coal, timber, oil, minerals, have been given, either for a song, or at least without adequate compensation to large corporations. The establishment and increase of *protective tariffs* have not in the past been directed simply to build up and maintain a high standard of living for the American workmen, but rather to promote the development of profitable enterprises for special groups able to carry off legislation. Wages were, until the revision of the Immigration Act in 1924, kept down by the wholesale importation of cheap foreign laborers. Even when immigration acts are designed to favor the native workmen, they are not instances of individualism but of governmental protection and fostering. The stoppage of immigration has been accompanied by the increase of technological unemployment, thus maintaining an oversupply of labor.

The Federal postal system, the Departments of Commerce and Agriculture, and Federal aid in road-building are all departures from free individualism. The Federal regulation of railways and interstate commerce, and other forms of large-scale commercial enterprise are also departures from free competition, as is the Federal Reserve banking system.

One might go on and enumerate many other instances of governmental control and promotion in the interests of special groups. At the time of writing, the Federal Government is putting into effect a number of large undertakings to give financial aid to banks, insurance companies, farmers, business and industry, and unemployment.

The present social order is a compromise between sheer individualism and a capitalistic collectivism partly private and partly public in control. Industry, business, and financial institutions are constantly being organized into larger and more powerful units. There is no way to stop this without reverting to hand labor. The small industry, directed by its owner, is being squeezed out. Not only wholesale but retail trading is coming

more and more into the hands of large corporations. Small banks are being pushed to the wall and absorbed by great banking trusts and investment corporations. There has been no really effective public control over these ever expanding enterprises. Huge banking concerns sold millions of foreign securities to the trusting public, and these securities have greatly depreciated, some of them becoming worthless. The government did nothing to protect the investing public against exploitation. Nor did it do anything to put a drag on the expansion of productive capacities beyond all reasonable limits through the reinvestment of profits in the heyday of prosperity. Our society has been individualistic, in the sense that no effective national or state control has been exercised over the abuses attendant on the development of ever larger capitalistic enterprises. It is collectivistic, in the sense that, within and between these great units of corporate business enterprises, the individual's opportunity for security, employment, or safe investment has dwindled. Government is called in to aid the development of capitalistic enterprise. When it attempts to put a check thereon, or to regulate it, in the interests of the common weal, the forces of big business are set in operation to nullify the effort by either judicial process or by influencing legislation.

"Giving as little as possible for as much as it is possible to get, might be taken as the whole motto of our business system."<sup>1</sup> There is an opposition between making goods in the kind, quality, and quantity that will best serve the mass of consumers and making money by making as large profits as possible.

## 2. THE "NEW ERA" AND WHAT HAPPENED TO IT

For some years before the twenty-ninth of October 1929, indeed ever since the United States began to become riotously rich through selling supplies and munitions to war-torn Europe, the great majority of the leaders of big business and the economists who echoed their views proclaimed that we had entered upon a New Era. Henry Ford was its most renowned prophet. The New Era was one of continuous and ever increasing prosperity,

<sup>1</sup> Tugwell, Monroe, and Stryker, *American Economic Life*, p. 251.

brought about through the cheapening process of machine production, which brought both higher wages and greater profits.

The factors in large-scale production are land, labor, capital, management or organization, and ownership. Land, labor, capital, and organization are essential in any system of production. Ownership may be private or public. The land supplies the raw materials and the place; the labor, under the direction of the management, produces the finished article. The real capital consists of the plant: buildings, machinery, and so forth. The management or organization is the directing staff of the factory. Originally, under the factory system, ownership and direction were in the same hands. The owner managed the factory. More and more, with the development of vast enterprises, mergers, trusts, and holding corporations, ownership has become divorced from management. The ownership of a huge concern may be vested in thousands of stock- and bondholders, or in a few, or even in one family. Banks and finance corporations more and more control ownership, and manipulate stock and bond issues.

As profits of ownership increased by leaps and bounds and the owners could not spend their mounting incomes in more forms of conspicuous waste and did not care to give them to philanthropy, the profits went back into investments in new enterprises or into the expansion of old enterprises. Capital goods increased very rapidly. By 1930, we had reached the situation wherein, for example, the shoe factories of the United States could produce eight and one-half pairs of shoes a year for every living human being resident in the country (I usually wear out only one pair per annum). The automobile factories are equipped to produce several times as many automobiles as can be effectively consumed in the country. It is not necessary to go on with the story of mass production.

Machine production has in part displaced human labor. This displacement is technological unemployment. Part of the displaced labor found other occupations getting out materials and the machines; an ever increasing part did not. I give one instance that is very familiar to one. In a factory engaged in making automobile accessories, the old coke-operated foundry with the old-type molds was replaced by an automatically operated



electric foundry; thereby the number of men required to run the foundry was reduced from fifty to two. In this factory fifteen thousand spring shackle bolts are turned out and packed every twenty-four hours with less than seventy workers, most of whom are not required to have much skill. All the work, except picking up and packing the products, is done by automatic machines, which do not tire and are fed only oil.

How was the ever increasing product of machine production, on farm as well as in factory, to be sold? By increase of wages which, together with high-pressure salesmanship and instalment selling, brought a great increase in consumers' demands. But real wages did not increase nearly as much as did owners' profits. The surplus product was sold abroad, especially to Europe, South America, and Asia. Europe had to replace the wastage in labor and products of four and a quarter years' war, and had largely lost its South American markets.

Europe worked hard and borrowed credits from the United States to rebuild her industrial life, in addition to the paying of war debts. Germany must pay heavy reparations to France, England, and Italy who, with the German reparations, were paying their war debts to the United States and borrowing still more from Americans with which to pay for the goods they were buying from Americans. In brief, our post-war export trade with Europe was largely financed by loans to our customers.

It seems to have been assumed that this process could go on indefinitely. But Europeans saw that it could not. Germany, France, England, and Italy were working hard to make up their own deficits and also to recapture their foreign trade. The United States was living in a fool's paradise. We assumed that there would be no end to the get-rich-quick process.

The first sign of the coming catastrophe was the collapse in the New York Stock Market beginning October 29, 1929. On that one day shares declined in value eleven billion dollars. Of course values were artificial and absurdly high, due to the mania of stock gambling. There had been no decline in *real capital*. The factories and machines were intact, though to a large extent idle. But back of this cataclysmic development was the falling off in consumer's demands, due to increase of technological

unemployment and inability of those who were employed to buy any more articles, even on the instalment plan. At the same time began the sharp decline in exports to Europe and other foreign markets. This decline in foreign trade was increased by the Hawley-Smoot tariff bill, intended to exclude foreign goods. European and other nations, including Canada and the other British dominions, retaliated. The situation became more and more aggravated.

It seems to have been the belief that the United States could go on indefinitely increasing its output of goods, collecting war debts from Europe, lending them credits to rehabilitate themselves economically, and at the same time could become more self-sufficient industrially. In short, that the United States could collect on debts and loans and sell goods without buying goods from Europe. The simple principle was forgotten that business involves exchange of goods and services, that one cannot do business with others if one does not buy from them. No nation can live as a creditor nation, or a debtor nation, alone.

The next spectacular event after the panic of November 1929 was the moratorium on German reparations due to Germany's utter inability to pay. If Germany cannot pay France, England, and Italy, these countries cannot pay us.

The New Era has come to an end. There are several lessons to be drawn from it. First: War is tremendously wasteful of resources in men and goods. This waste must be made good by hard work. Sir Arthur Salter has said that one-eighth of the borrowings since the war has been productive; seven-eighths has gone into the hole made by the destruction wrought by the war.

The second and even more important lesson is this: In a world of machine production there are two and only two ways in which terrible and frequently recurring depressions can be avoided and a reasonable, moderate, and continuous prosperity can be maintained. These are (1) *The regulation of production by a planned economy*; whether by a system of State Socialism or voluntary coöperation. (2) *The general distribution of a greater consuming power*, by a more equitable spread of incomes. Both of these steps involve a reduction in profits, and an elimination of extravagant salaries paid to management. The salaries that

have been paid in recent years to managers and officers of financial and even industrial corporations have been absurdly high. The report of the Federal Trade Commission on salaries to executives in leading corporations shows that from 1928 to 1932 over five hundred executives received yearly incomes in salaries and bonuses running from \$1,650,000 to \$50,000, the latter being the minimum figure reported. This statement is based only on the lists published up to March 5, 1933, in the *New York Times*. A regiment of executives received yearly incomes of over fifty thousand dollars; a considerable number, including officers of insurance companies, received from \$100,000 to \$200,000 and not a few over \$200,000. This number does not include all such salaries. A number of concerns refused to report to the Federal Trade Commission.<sup>a</sup>

Below is a summary of the amounts paid in salaries and extra compensations to the executives of twelve large corporations:

	1928	1932
Standard Oil Company of New Jersey .....	\$1,287,294	\$1,254,490
Bethlehem Steel . . . . .	2,283,097	1,056,060
United States Steel Corporation ..	963,836	935,255
American Tobacco Company . . . . .	1,534,194	2,281,402
Sears, Roebuck and Company . . . . .	2,151,056	921,901
Anaconda Copper Mining Company..	1,161,536	678,444
E. I. duPont deNemours Company .....	1,614,461	682,876
Electric Bond and Share Company Group.....	1,341,239	905,607
General Electric Company . . . . .	1,859,645	571,302
International Harvester Company....	1,774,648	383,828
F. W. Woolworth Company .....	2,791,216	1,708,492
Paramount Publix Corporation . . . . .	1,792,040	731,975

In 1935, 350 officers, directors and managers of General Motors received an aggregate income, in salaries, bonuses and commissions, of \$10,000,000. The salaries of 13 head executives ran from \$374,000 to \$190,000 each. In some of their plants the average yearly wage of the workers was \$1,500, but of their total shop employees 55 per cent received an average yearly wage of \$900.<sup>b</sup>

Other shining examples of very large incomes are found in the purveyors of cheap popular entertainment; such as directors and

<sup>a</sup> Summary of *Federal Trade Commission* report in *New York Times*, from Feb. 28 to March 5, 1934. Thirty-six corporations made no returns; seventeen denying the jurisdiction of the Commission.

<sup>b</sup> *The Nation*, Jan. 23, 1937, Vol. 144, No. 4, p. 97.

film stars. As a general proposition it holds good that the more common the article of consumption the larger the incomes of those who manipulate its production and consumption. This holds good from automobiles to books and music.

Will any one in full possession of his senses maintain that the contribution of the chief executives of the Bethlehem Steel Company and the American Tobacco Company to the common good are worth respectively 163 and 110 times as much a year as the services of a leading research scientist, in a university? There are precious few research scientists who received \$10,000 yearly salary, even in 1929. Now many of their salaries have been cut as much as 20 to 33 per cent.

## CHAPTER XV

### BUSINESS AND GOVERNMENT

#### 1. GOVERNMENT AIDS TO BUSINESS

MANY of the most powerful business and financial interests in the United States are insisting that government should keep out of business, that we should return to the system of economic individualism by which the United States has become so great, and prosperity and a high standard of living so much more widely diffused and more rapidly increasing than anywhere else on earth. They say that private enterprise for profit, under free competition in the open market, has been *the one great instrument of this progress*. In the year 1935, the American Manufacturer's Association, the United States Chamber of Commerce, and the American Liberty League loudly reaffirmed these principles. *They have not told us how free competition is to be restored, in the face of gigantic holding companies, trusts, monopolies, trade agreements, price-fixing by gentlemen's agreements among competitors, without governmental interference; nor how that helpless person, the small or moderate-sized investor, is to be protected in the securities market without governmental control.*

Let us look first at a few facts, selected almost at random, which show that big business is not consistent in its preaching and its practice on these points.

a. *The tariff* was imposed, and has been stepped up, not for revenue but to keep prices up or to enable producers to raise prices. The argument that this has been done to protect, or raise, the American standard of living is specious. For, if prices to consumers rise as fast or faster than do wages, and do not fall as fast in depressions, then the average standard of living is not improved. Statistical evidence bears this out. The prices of manufactured goods fell very little from 1929-1933, whereas farm produce declined about 60 per cent.

*b. Direct governmental aids to business.* The Federal Department of Commerce is a great agency for the promotion and regulation of business. The Patent Office gives to inventors a seventeen-year monopoly on their inventions. Most of the profits are reaped by the exploiters. The Bureau of Standards carries on researches for the benefit of industry. The Federal Trade Commission, the Food and Drug Administration, the Bureau of Agricultural Economics, the Bureau of Foreign and Domestic Commerce, the Bureau of Chemistry and Soils, the Federal Farm Board, and the Interstate Commerce Commission are Federal agencies that have been in operation for some time. Their powers were enlarged and their activities much increased under the individualistic régime of Herbert Hoover. Their aims are to further efficiency, honesty, fair trading in business industry and agriculture. The Interstate Commerce Commission and many of the other bureaus were urged by business men to prevent unfair discriminations, secret rebates, and other unjust practices.

*c. Direct Federal aid.* The development of inland waterways, dams for flood control and irrigation projects, of which Boulder Dam is the greatest, the subsidizing of our merchant marine—all are Federal aids to business, agriculture, and industry. In December 1931, when the repeated prophecies of our business leaders that prosperity would return in a short time had been nullified and business was sinking deeper into the red, Herbert Hoover asked the establishment of the eight billion dollar Federal Reconstruction Finance Corporation to aid the sick railroads, banks, and the like. It was done. The government loaned six billions to keep afloat heavily capitalized enterprises—many thousands of banks, building and loan companies, insurance companies, railroads, and so forth. A good deal of this the government will probably never get back. Now these same interests demand that the government get out of business.

The devil was sick—  
The devil a monk would be;  
The devil got well—  
The devil a monk was he.

Examination of banks and regulations of interest rates are necessary to stable business. Trade associations are organizations

to maintain prices, stock-exchange organizations to regulate trading in securities. The business corporation is itself a device authorized and protected by the government.

Business has led, in most cases, in demanding that the government regulate business or authorize private organizations for regulation. Whether one wants government regulation evidently depends on whose ox is gored. Organized business is just like any other organized group seeking economic advantage. It wants whatever regulation is necessary to insure good profits and no regulation to interfere with the maximum profits. The only interest that business, as business, under economic individualism, has in the consumer is solely as a possible means of profit.

*d. Use of the Army and Navy to protect investments abroad.* The Navy and the Marines have been used in Central American countries—in Haiti, Santo Domingo, Cuba, Nicaragua—to protect American investments there. The United States went into the World War largely, perhaps chiefly, because the German unrestricted submarine campaign was an interference with its trade, and because its financiers had made huge loans to the Allies, especially Great Britain, which would be lost if the Allies lost the war.

Business cannot go on without governmental aid and control. The vaster and more complex business becomes, the more need there is of control. *The crucial question is this: In whose interest shall business be controlled; in the interests of the few who sit in the seats of the mighty, or in the interests of all the people?*

## 2. PROFITS, POLITICS, AND THE LAW

Attempts to regulate public utilities in the common interest have been largely futile, because our political system is an anachronism in the presence of large-scale industries, finance, and banking. We have forty-nine sets of laws in regard to banking and securities, forty-eight sets of laws regulating public utilities and transportation. Large concerns all do business throughout the nation. They should be subject to uniform regulation. The laws of the different states are often in conflict.

The corporations have used their power, through lobbies, to

prevent the passage of laws regarded as unfavorable to them. Some political corruption has come in this way. Some legislators may have introduced laws for the purpose of getting rake-offs; but, in the main, they have done so in what they honestly regarded as the public interest. The initiative in influencing legislation has generally come from the corporations. When they have failed to prevent the passage of certain laws inimical to profit-making, they have often taken the other alternative of evading or beating the law.

Striking examples of the relations between big business and politics are afforded by the struggle over the Wheeler-Rayburn Bill to regulate holding companies in the congressional session of 1935.<sup>1</sup> The members of the Senate and the House were deluged with telegrams purporting to have been sent by their constituents. An investigation of the origin of nearly fifteen thousand telegrams from towns in Pennsylvania showed that only 3 had been paid for by the persons whose names were signed. Names of deceased persons and absentees were used. Individuals were paid for getting signatures, and names were taken from telephone directories. Of thirty-one thousand five hundred telegrams sent from 20 towns, only 13 were paid for by the persons whose names were signed. The expenses were borne by subsidiaries of the Associated Gas and Electric Company. It was brought out, in the subsequent Senatorial investigation, that the holding company had spent between \$800,000 and \$900,000 to get the bill defeated. It had also threatened leading newspapers with withdrawal of advertising patronage if they did not refrain from criticism of holding companies and cease taking a favorable attitude towards the bill in question. The Cities' Service Holding Company is said to have spent about \$200,000.

Our law-making, in the main, is the result of an incessant battle of interests. This is true even in so apparently simple and clear a matter as regulation of automobile traffic. Danger to life is largely due to incompetent or mentally and financially irresponsible drivers, often with badly conditioned cars. In the state of Ohio, as in most other states, it has not been possible to get through laws requiring a driver's license and *proof of*

<sup>1</sup> New York Times, Aug. 15 to 21, 1935.



*financial responsibility* as a condition of issuance of tags. This failure is due to the coöperation of two influences: (1) the large number of persons who object to submitting to responsible control, who do not want to carry liability insurance, and (2) perhaps the influence of automobile dealers.

In the matter of public taxation, the conflict goes on in every legislature. Americans in general would much rather pay taxes in the form of high prices to private business than pay direct taxes for the common good.

So we have incessant conflict and lobbying in legislative halls, with business and industry, finance, public utilities, highway interests, farmers, and so on, all trying to saddle the burden of taxation on the other groups.

The same principle holds true in national affairs. Group interests, regional interests, are in incessant conflict in regard to taxation.

The influence of big business on legislation and administration is further shown by the fact that large corporations contribute heavily to the funds of both the major parties. Whichever one wins, they expect favorable consideration. Seven corporations have a grand total of revenues of 5 billions a year and 1,100,000 employees. Seven principal states have revenues of 669 millions a year. There are over five hundred lobbies in Washington, most of which have plenty of money for entertainment and propaganda. In 1921 there were 170 legislative lobbies in Ohio, in California 127. In the framing of the 1929 tariff the expert clerk employed by the chairman of the Senate Tariff Committee was assistant to the President of the Connecticut Manufacturer's Association. It was estimated that the tariff increases added 70 million dollars a year to the receipts of Connecticut industries.

Judge Seabury states that the evils which the two utility monopolies, the Consolidated Gas Company and the New York Edison Company, now the Consolidated Edison Company, have fastened on New York City can be remedied only by municipal ownership.\*

Lincoln Steffens, in his *Autobiography*, gives a unique record in this line. He found, by extensive experience, that business

\* Jerome Davis, *Capitalism and Its Culture*, Ch. XX.

interests were on the alert to influence state legislatures, and especially municipal governments. He concludes that the professional politicians were on the whole more loyal to their friends and supporters than were business grafters.

The words, "politicians," and "politics," have a bad name. I find they always raise a cynical smile or even a laugh among students. But what the people who smile or laugh at politicians, and call politics a dirty trade, fail to realize, is that the joke is really on them. *Politicians are the creatures of the people who elect them.* This bad odor of politics reflects the greed and shortsightedness, or at least the selfish indifference and lack of concern for the common good and culpable ignorance, on the part of the voters.

Our widespread corruption and inefficiency in politics and government, the lawlessness of strong corporations and individuals, only reflect the combination of economic greed and disregard of the common weal of great numbers of our population.

The ramifications of financial interests are very wide and increasingly powerful in our social and political life. There is all the greater need that we should be alert and think clearly in regard to the conditions of the public or common weal.

As Plato long ago said, *the penalty that good people pay for indifference to public affairs, is to be ruled by evil men.* Much of our recent history is an illustration on a tremendous scale of the truth of this saying. The difference between little Athens and America is one of size and complexity.

It is undoubtedly the case that the larger the unit of legislation and administration, the less corruption and the less inefficiency. There is more in the cities than in the larger state governments and administrations, and much more in state affairs than in Federal affairs. It is well known that the great Postal Service is efficiently administered. The present writer has had frequent and extensive contact with the administration of the National Park and the Forestry Service, having toured through forty-six states. The service is efficient, honest, and courteous.

In the practice of law, a chief scandal is the large fees collected for small services. I am not writing here of the large

retainers given by millionaire clients to great lawyers, but of the absurd fees charged for small services in small cases. Here, for example, are illustrations of the cost of foreclosure of a home with a mortgage of \$3,500 on it, a very modest home: \$30 was the fee for searching the title, \$25 for computing the costs (which would take about fifteen minutes of a clerk's time), \$190 for legal advertisement of the foreclosure and sale in two designated newspapers; \$50 for the auctioneer and his room; \$100 for a court referee at the sale, and \$500 for the lawyer to bring the foreclosure proceeding—a total of \$900, which comes out of the remains of the savings of the man who is losing his home.<sup>a</sup> Comment on this system of legal fleecing seems superfluous. It is of a piece with the whole gigantic system of skinning the helpless and innocent victims of economic disaster.

The abuses and inefficiency of the judicial system are great. Judges and other officers of the law are elected and have to keep their ears to the ground if they seek reelection. They are therefore apt to be susceptible to the influence of either popular clamor or the power of political bosses.

The legal tricks, evasions, and technicalities in the trials of persons with political, financial, or journalistic influence are a scandal that bring the law into disrepute. Another scandal is the increasing number of incompetent and shyster lawyers that are practicing: ambulance-chasers, counselors for tax-evaders, gangsters, racketeers, political hucksters.

One chief source of the failure of our legislatures is that there are too many cheap lawyers in them. Lawyers make their living chiefly in dealing with business contracts and disputes and therefore are tempted to be on the side of the stronger financial powers. It is a noteworthy fact that successful lawyers, successful in the sense of getting large incomes, are not always on the side of economic, social, and political reform.

The late President and Chief Justice of the United States, William H. Taft, said that the administration of the country's criminal laws was a "disgrace to civilization." In no other highly civilized country is the proportion of crime to the population, especially of robbery and murder, so high as in the United States.

<sup>a</sup> *New Republic*, Vol. 77, pp. 334-335.

In no other country is so small a proportion of criminals brought to justice. At the present time crime "exact[s] a yearly toll of some \$12,000,000 and vastly more than can be measured in mere money, in misery, death, and weakened morale."<sup>4</sup>

What are the causes of this appalling situation? It has been quite usual to blame it on the large proportion of criminally minded foreigners in the country. Many of the criminals bear Italian and Slavonic names. No doubt this is a factor. But too many notorious criminals bear old British and Irish names to make foreign origin a plausible explanation for our high criminal record. No, together with the recent gigantic operations of malefactors of great wealth, it marks the breakdown of public morality in the United States. It cannot be laid to flaws in criminal procedure. As Earl W. Evans said, in the address previously quoted, it is a question of the *personnel of courts, juries, and police*. The corruption in the police forces and other administrators of the laws, and the gross inefficiency where corruption cannot be charged, must be laid to the door of the general public. How? The major part of the general public, by its inertia, gives tacit consent to the general operation of the rule that officers of the law are to be elected or appointed through political influence. In no other civilized country are judges, sheriffs, and so on elected for short terms as candidates of a political party. In no other country are their subordinates appointed as rewards for political activity.

The public further shows its indifference to this question by the inertia of its legislative representatives. There are forty-eight sets of state criminal laws. They are not uniform (nor consistent with one another, nor with the Federal laws). Several years ago the American Law Institute proposed a model set of uniform laws—on such matters as the sale of narcotics and drugs, firearms and machine-guns, and so on. No one of these laws has been adopted by more than ten states. Crime goes on its merry way, booming. This apathy on the part of the public, as we make mighty efforts to pull out of the economic depression, means the decline of public morality. It means that as a

<sup>4</sup> Earl W. Evans, President of the American Bar Association, in a radio address, April 28, 1934.

people we have become selfish materialists, interested primarily in our private economic well-being and ease. It is an unintelligent, shortsighted selfishness. We have to pay dearly for crime through taxation. Any one of us may have at any moment to pay a far heavier price in misery and death. Another expression of unintelligence is the sloppy sentimentalism of the sob sisters in regard to criminals.

In the meantime, during the great depression, the legislative representatives of the people in general passed greatly prolonged sessions in quarreling over taxes and appropriations, while the public school system was breaking down for lack of adequate provision. The state legislatures are representatives of the people. They are driven hither and yon by special groups, each of which wants to unload the chief burden of taxation on the other groups—farmers, merchants, manufacturers, financiers, public utilities, investors, real estate groups. The rank and file of the people sit by, apathetic and inert except when they suffer actual want or their pockets are touched. But the sales of automobiles have jumped by leaps and bounds. There has been no great decline in the sale of movie tickets or gasoline. Roads and streets are being improved.

### 3. PROFITS AND CRIME

Apart from crimes of passion (motivated by sex love and jealousy) the causes of crime are very complex. Individuals differ much in the relative strength of their various impulses and desires. Some can stand strains and thwartings that break others. There is no uncaused human action. Man is not free in the sense of being able to act in opposition to his strongest impulses, as these are incited or blocked by his social environment. Those respectable persons, perhaps without intense impulses, who have always lived in decent surroundings and in relative comfort, who talk glibly about the freedom and the responsibility of the whole tribe of criminals, talk in ignorance and blindness. John Bunyan spoke truly when he said, as a criminal was being taken to the hangman's scaffold, "there but for the grace of God goes John Bunyan."

There are doubtless born criminals just as there are born idiots—unfortunately born individuals in whom the elements are not kindly mixed, unbalanced natures that become antisocial. But the term antisocial is too wide and vague. What is antisocial in an American urban community to-day was not antisocial among Geronimo's Apaches or the head-hunting Dyaks. There are features of our individualist capitalism that tend to produce many more criminals than those that are born to be criminals. I have space only to touch briefly on these features.

1. Individualistic capitalism has produced terrible urban slum conditions. The old Whitechapel in London, the old Lower Bowery, Five Points, and large portions of the New York East Side were (and still are) prolific breeding grounds of vice and crime. Overcrowding, dirt, squalor, lack of air and playground spaces, together with dire poverty, breed vice and crime. The writer knows whereof he speaks, having been an East-side resident worker in a settlement. There are also slum conditions in the rural districts. Boys and girls must have outlets for their ripening impulses. Boys naturally form gangs. These gangs, under slum conditions, easily take the direction of law-breaking.

2. Capitalism, by its very emphasis on self-seeking greed, breeds an egotistic materialism of attitude that fosters crime. It sacrifices the common good to the material advantages of the individual or the group. The only discernible difference between some business actions and crimes is that the former manage either to keep within the letter of the law or to evade and circumvent the law, whereas the criminal gets caught in its toils.

3. The spectacle of the great hauls made in business by deceit and fraud in the manipulation of securities, by fraudulent goods, by collusion, chicanery, and corruption, stimulates the criminally inclined. We have now the spectacle of racketeering conspiracies in many lines—in foods, building, alcoholic drinks, narcotics, traffic in women, and so on.

The corrupt influence of wealthy individuals and powerful corporations in influencing the passage of laws and in evading their operation, is, I hold, one of the main causes of the growth of lawlessness and crime in this country. With so many examples

of big business above the law, the small racketeer and other professional criminals do not see why they should not "get theirs" by fixing the police, the juries, and even judges.

Bootlegging was, of course, the most fruitful source of racketeering. Al Capone, Murray Lewellyn Humphries, Mooney Gordon, Bugs Moran, and Owen V. Madden are noted racketeers. Their philosophy is summed up in Mr. Madden's remarks, after he had invested his savings in a Brooklyn wet-wash laundry and received nominal dividends: "Legit rackets—there ain't no sense to 'em—you've got to wait for your dough." The big-shots in these rackets live well and aspire to high society.

If only one-half of what is reported by those who claim to know be true, there are great organized associations of criminals directed by graduates of some of our most noted universities.\*

4. A cause of crime is permanent or long-time unemployment. During the depression of the 1930's many persons became criminals from desperation. They were hungry and homeless or their children were cold and starving. It is a terrible situation for a father or mother to see their children shivering and wasting away in a land in which there is so much foodstuff that it is being destroyed to force prices up, so much cotton that it is being 'plowed under, abundance of materials, machinery, and men to build better dwellings, while millions live in vile shacks or are crowded together in dirty, dark tenements.

After all, as I have repeatedly said (and it cannot be said too often to those "at ease in Zion") this is the most damning indictment of our so-called civilization. It is making a great success of wresting from her the secrets for the control of nature and a ghastly failure in applying its discoveries to the common weal.

5. Crime is increased by the treatment of criminals. Many of our jails and penitentiaries are utter disgraces to a country claiming to be civilized. The buildings are old and greatly overcrowded. There is lack of opportunity for healthful exercise and healing work. The personnel is poorly paid and inferior. There is lack of classification and separation of criminals. The psy-

\* Martin Mooney, *Crime Incorporated*; and C. R. Cooper, *Here's to Crime!*

chiatric work is very defective. There are not adequate facilities for rehabilitation in socially normal ways of living. The convicts are herded together like a lot of wild animals and treated as a herd, whereas *criminals are individuals*.





## PART III

### PRINCIPLES OF DEMOCRATIC SOCIAL PHILOSOPHY



## CHAPTER XVI

### MAN'S THREEFOLD NATURE

MAN is a threefold being! *He is an animal organism*, a biochemical machine, a system of energy transformers, whose functions are, to a preponderating extent, carried out without vividly conscious awareness. Under the control of the autonomic nervous system, the involuntary muscles, the heart and the circulatory system, the ductless glands—and to some extent the other glands—and the digestive system carry on their work. Only under subnormal or supernormal functioning does there arise any *consciousness* of these operations.

*Man is a sentient psychical being.* He has sense perceptions of the outer world and of his own organic processes in eye, ear, nose, skin, muscle, mucous membrane, and deeper tissues. He *feels impulses* to act. These impulses are accompanied by psychic cravings—hunger, thirst, craving for bodily comfort, restlessness, the cravings to play and to make things, gregarious impulse, sex impulse, rivalry. The satisfaction of these impulses yield pleasure and their defeat pain. Man is also motivated by *fear*, which arises from a threatened or actual defeat of his impulsive activities.

Man has the power of vivid reproduction, in memory images, of his past successes and defeats with their accompanying pleasures and pains; and his memory images become interwoven in various sorts of connections, by association in time, in space and in similarity of affective quality or emotional coloring. Through the psychical complications of his experiences, arising out of success and failure of his rudimentary impulses and cravings, man becomes a creature of *conscious desires* and *aversions*, of *loves* and *hates*, of *hopes* for the attainment of the desired objects, of *fears* of their non-attainment. As a psychical being, the basic determinants of man's actions are his loves and hates.

These are the roots of his valuations. They are not only the springs of his overt actions. They actually determine to a great extent what the individual shall perceive and not perceive, by attention and inattention, both in the surrounding world and in his own organic processes. Of course, the perceptions of the world or self depend on the *normality* of the capacities of the sense organs and are limited by the nature of these organs. But, within this general human circle of possible experience, *what* specifically the individual actually experiences, consciously and clearly, depends on *attention*, which is determined by his interests—his desires and aversions, loves and hates. There are many features and relationships in nature that I see because I like them; others that I ignore because they do not interest me. The same is true, of course, of my conscious recognition of the characteristics of my fellow men and myself. I do not wish to see certain of my failings; I do not desire to see certain qualities in other persons and I do not see them if I can help it. Sometimes these things are forced on one willy-nilly. The individual of wide and keen perceptive experience and sympathies is the individual of wide and keen *interests*.

This, I take it, is Plato's meaning in making love (*Eros*) the mainspring of human actions and knowledge. My world is primarily what I love; secondly, it includes what I hate or have an aversion to; thirdly, it includes things that intrude on my awareness, but in which I have to recognize certain qualities and processes in nature, in other men, and even in myself, that hinder the satisfaction of my loves and hates. But hate is secondary. Even a fierce hatred which blazes up like a consuming fire of destruction, or a cold deadly hatred that has become the controlling passion of an individual's life, has arisen as the result of the thwarting of some strong love. We hate the things or persons that kill or maim the things or persons that we love, that prevent or injure our union with the loved objects. No one primarily hates anything. He hates that which injures or threatens some object of love—whether other person, or own self, or thing. Tell me what you love and what you dislike and I know what you are.

*Man is a spiritual being.* Above his psychophysical impulses

and dispositions is his nature as a *spiritual person*. This spiritual endowment or being—what is it?

In the first place man has the power of *creative imagining*. He does not merely reproduce his past experience. He can break up the images which arise from the traces of past experiences, and form them into new combinations. Like the musician, man, as an inventor and genius in the useful and fine arts and in the art of living itself, can form out of three sounds, not a fourth sound, but a star. The creative imagination, in distinction from the mere play of associative fancy, is the primary source of man's power to progress; not only in the arts by which he refashions sensuous materials by cunning inventions, but in the re-creation of human relations and ideals—in the creation and re-creation of social folk-ways and customs; of systems of morals, laws, and politics; of religions, mythologies, sciences, and philosophies.

As an intellectual being, man can carry analysis and synthesis of the elements of experience far beyond the imaginal data of experience. He invents *symbols* to carry his loves and desires, his positive interests and his aversions, beyond the data of the senses; conventional language, all the way from pictorial symbols and words freighted with emotional, intelligible, and mystical meaning, to the most abstruse symbols of logic, mathematics, and music. These symbols become the carriers of new emotional meanings and aspirations as such; and of the logical, ethical, and mystical relations between the meanings as spiritual systems embodying fervent aspiration for union with a cosmic being; with a personal God, or a metaphysical Absolute. Man as a spiritual being forms symbols of ethical spiritual values—of honor, justice, mercy, love, holiness. He frames visions of a perfected humanity, of a kingdom of God, of human beings realizing their natures as sons of God in communion and fellowship with one another. Or, if he thinks the name God superfluous, he may tie up to the vision of an ideal commonwealth of humanity (religious humanism of to-day).

Man as a spiritual being is inspired by visions of beauty, of esthetic harmony and meaning in sensuous forms of stone and wood and clay, pigments and sound; as well as healed by com-

munion with nature. Man as a spiritual being can sacrifice his individuality, his very life, for the ideals engendered in his spirit. He will not only live and work but die, if need be, for his loved ones, his country, or for truth, or justice, or honor, or for his religious faith.

Walt Whitman says "the animals do not sweat and whine about their condition," and he is impatient with men for doing so. But that men sweat and whine about their condition is, on the very face of the matter, evidence that they are more than animals. The entire course of human civilization, of the changes in social culture and the incessant striving of man for a better life—for a finer culture—is the expression of his spiritual nature. As Max Scheler puts it, "Man is the sick animal"; and his sickness as an animal is the condition of his health as a human being.

It is as a spiritual being that man is responsible and free. Man's freedom is not unlimited. He is limited by his natural environment and his own inherited dispositions. Within these limitations, man has the freedom of the spirit to choose whether he shall live as a spiritual being or, making no effort, slip down into the life of animality. Since the latter life is one of complete dependence upon the environment, it is the life of unfreedom, of bondage. The life of the spirit is the free life, since it is the life of dependence mainly on what constitutes the higher nature—the cultural climate in which man becomes most independent of physical circumstances and most rational, social, and self-sufficing. To be free is to live as a rational spirit: To be in utter bondage is, for a being with a spark of spirit, to live as an animal.

In all probability the human species is the result of a long process of evolution from the lower species, perhaps going back to some rudimentary unicellular organism. During this evolution there has been an incessant struggle for adaptation to the environmental conditions of existence. The environment includes the climate and the food conditions supplied by the inorganic factors and other organisms, on which the organism under consideration feeds. In this struggle for survival, striking variations or mutations have taken place which have fitted the members

of the species to adapt themselves more successfully to the environmental conditions. We need not here consider the question as to the causes of these mutations; whether they arose partly as the result of inner effort and are transmitted to the offspring (the inheritance of acquired characteristics), or arose wholly as the result of chance combinations of the genes or unit characters. Indeed, these questions are as yet unsettled; but even if inheritance of acquired characteristics useful to members of the species be ruled out, it would not necessarily follow that the origination of new organs with better powers of adaptation has been the result solely of blindly arising physicochemical changes. There may have been a creative organizing factor. Indeed, I hold that there has been, but this is not the place to discuss such questions.

We are concerned here solely with the animal nature of man in its bearing on ethics and social philosophy; in short with his dominant impulses, regardless of how he came to be what he is. While evolution sheds much light on what man is, it is what *he is* and *can become* that concerns us here; not by what natural factors he became what he is, nor how long it took man to arrive on the earthly scene.

From our standpoint the *differences* between man and other animals, including his own supposed distant cousins, the higher apes, are more important than the resemblances.

It is the possession of *higher intelligence* and of the feelings that go with it that most differentiates man from the higher animals. Intelligence means the capacity to analyze, or break up, the complex flow of sense experience into its elements; and to synthesize, or recombine, these analyzed elements. This *analytic-synthetic activity* is the source of all inventiveness and genuine discovery. In so far as an animal is tied down to the actual flow of sense experience, it does not invent, does not discover anything important. It may accidentally hit upon an important discovery, but it will not know how to make use of it. It cannot communicate or transmit with certainty without language and means of record. The higher anthropoids do form permanent sexual unions, but they do not have any other permanent social groups.



There are three basic differences between the anthropoids and man: (1) Man, in his intelligent activity, has a much longer *time-range*; he lives much further backward by retaining and reproducing past experiences; consequently he lives much further forward. He can utilize past experience to provide for a far distant future. (2) Man, alone, has the power of *articulate speech*. It is a tremendous advantage to be able to store up and communicate, in intelligible form, the distillates of past experience and thus to make plans for the future. The accumulation and transmission of the social heritage of culture depends primarily upon this power of communication. Of course, neuromuscular skills are also transmitted; but their transmission and perpetuation are greatly enhanced by articulate speech. And when written symbols are devised and literacy arises, the scope for accumulation and transmission of the social heritage is greatly increased. (3) *Society*, the most distinctive feature of human life, is the development of social cultural groups large and more enduring than the family—from the gens, the phratry (brotherhood), the tribe, to the city-state, the territorial state, and the empire. The development of these larger groups depends upon articulate speech. They are the media of culture; in them culture is preserved and enhanced. By cultural conservation and increase they flourish.

The *customs* or *folk-ways*—especially the tribal ceremonies of initiation at puberty, marriage, the preparations for the chase and for war, the religious and magical authority given to tribal ways, the laws and other institutions, the sacred myths—all these things are means for preserving, and insuring the prevalence of, the social culture of the group. Conformity to the traditional patterns of group behavior is insured through the persistent influence of social approval. The individual self is the echo of the tribal self.

"A man is more like his time than he is like his father and mother" (Chinese proverb). When literacy is achieved, then formal educational institutions serve more effectively to select, preserve, and transmit the cultural heritage of the group.

New departures or inventions in the widest sense, inclusive of all forms of social culture—customs, morals, myths, religions,

and science, as well as material culture—have great difficulty in making headway against the traditional forms. The conservatives regard the old ways as best. The innovators or radicals always have a hard time. They may pay for their pioneering with unpopularity, death, or exile. Material culture usually changes faster than mental and spiritual culture. For the latter is rooted in fundamental sentiments and attitudes, which are deeply implanted in the mental habitudes that begin to be formed right after birth. The plasticity of the human infant and child and the difficulty of changing mental attitudinal habits, early formed, is expressed in the saying attributed to the Jesuits: "Let us have the child up to its seventh year and we do not care who has him thereafter." William James extended the time considerably when he said in effect: most of us get no new ideas or habits after the age of from twenty-five to thirty. In general, the accumulation of inventions accelerates the rate, as well as increases the amount, of change in the social cultures. There seem to be in the history of cultures long periods of relative quiescence; followed by the intermingling of different cultures, with rapid change and the multiplication of inventions. Fruitful contacts in the Eastern Mediterranean accelerated change from about 3000 B.C. on. There was a great speeding up in the Hellenic world from the eighth century to the Greco-Roman or Hellenistic era. Then came wide diffusion, to the downfall of the Roman Empire; then disintegration. There followed the maturing of medieval culture and its partial break up with the Renaissance and Reformation; and the development, in the seventeenth, eighteenth, and nineteenth centuries of our present culture. At present the oriental cultures are disintegrating and being re-formed on occidental behavior patterns—both with respect to material and spiritual culture. The rate of social change, in industry, family, law, property, morality, has been speeded up by the accumulation of inventions.

I hold also that the innate *feelings* of man differ from those of the higher apes. In this question as in the question of comparative intelligence, we must infer the psychological processes from their products—the records of them. *Man, as Spirit, is the being who creates, and lives by, cultures.* He creates languages, records

(technical or applied), and fine arts; legal, political, and moral systems; sciences, religions, and philosophies. In and by these he lives and moves, and has his being.

The paintings and sculptures found in the caves of Dordogne and Spain, and, too, the forms of burial and material evidences (in pottery and sculpture) of religious ceremonials extending from Paleolithic and Neolithic times—all these things show that early man had the same feelings and powers of imagination that civilized man has to-day; that he not only loved his family and felt loyalty and duty to his group, but that he loved beauty, had a strong constructive impulse, and pondered on the mysteries of birth and death. A painting or figurine from the Pyrenees, a ceremonial vessel dug up in Cyprus or Palestine or Mesopotamia—such things reveal the sameness of human feeling, imagination, and thought throughout the ages.

Tribes and states may come and go, but culture goes on forever. It suffers arrest and partial decay—from war, pestilence, and economic distress; but it never wholly dies out unless the region in which it lives becomes a desert.

Mechanistic philosophers show a singular blindness to the multiform, ever enduring, and ever varying forms of culture in which man expresses his creative spirit, and by which the spirit in him lives. Man is a very peculiar animal; nay, he is more than an animal, he is a spirit. *Anything is what it does* and the human spirit, from Paleolithic times, has been taking three sounds and forming from them "not a fourth sound, but a star." The creative imagination, as S. T. Coleridge truly said, is the supreme power in man. His spirit,<sup>1</sup> the creative intellect which creates and moves in the symbols of logic, mathematics, exact science, and metaphysics is but the creative imagination weaving gossamer webs of meaning through operation with symbols denuded of senuous imagery.

Man is a stranger and pilgrim in the animal world. His continuing city is not here. He seeketh another whose builder and maker is the spirit.

In sketching the spiritual nature of man, I am describing a general fact. I am not discussing the metaphysical question as

<sup>1</sup> See Appendix I.

to the ultimate relations of interdependence between the physical, biopsychical and spiritual levels. This book keeps to the *descriptive analysis* of human nature. The metaphysical questions involved are among the most complex and difficult problems that the mind can wrestle with. Perhaps they are insoluble. Nevertheless, since thinking man must raise these questions, it is possible to weigh the respective degrees of plausibility of different world-views. My own standpoint is: that world-view is most adequate which does not dogmatically obliterate any essential qualitative differences in the realm of experience in the fanatical striving to get a completely unified or monistic picture. Therefore, I regard mechanistic materialism, vitalism, and pure idealism or spiritualism as equally implausible, because one-sided, world-views. I cannot see how the spiritual activities of man can be explained as mere by-products of the blind motions of electron protons or mass particles of any sort. Nor can I attach any real meaning to the doctrine that matter is illusory or transitory, and that the eternal reality is disembodied spirit. Nor can I see that spirit can be reduced to mere animal life. To me, personality, the richest form of finite being, is physical, vital and spiritual. I go on to the view that nature is the body of Infinite Personality.

I have, in other works, discussed these questions.

It would take us too far afield to discuss the various meanings which are attached to the term "personality." For the sake of clearness I state briefly what I do not and do mean by personality.<sup>2</sup> When it is said,<sup>3</sup> "The philosophical concept treats personality as an invariant point of experience"; that is pretty nearly completely wrong, not only with respect to my own view, but to that of most philosophers. I mean by personality the psychophysical, therefore, conscious and reflective, unity of a self that has developed from a biopsychical organism through the continuous stimulation of the social demand-and-prohibition-patterns effective in the culture in which this individual lives,

<sup>2</sup> My conception of personality will be found in *Man and the Cosmos*, Books IV and V, and, more briefly, in *The Field of Philosophy* (1930 edition), Part III.

<sup>3</sup> E. Sapir, "Personality," *Encyclopædia of the Social Sciences*, Vol. XII, pp. 86-88.

moves and has his being. A personality is a socialized individual. I would be a different personality had I been born and reared among the head hunting Dyaks of Borneo, or the Trobriand Islanders, or in a Chinese, Russian, or Indian village. My personality has changed and perhaps will continue to change a little.

On the other hand, the behaviorist notion that personality is nothing but the end-product of the habit systems produced by the conditioning of the original unconditioned reflexes, which are assumed to be similar and equal in all babies in the world, by the physico-social environmental patterns, is wrong. The behaviorist assumes, not only that man at birth is merely an assembled organic machine, but also that all the young machines are alike. J. B. Watson once said that if he were given almost any baby at birth, he could make anything he liked out of it by the right conditioning. If this were true, the only problem of social order would be to agree as to what kind of robots we wanted to produce. Then we could fit our educational, economic, political, and legal conditioning to produce the desired robots, and the social problem would be straightway solved; we should enter upon the millennial harmony of a world of robots. This theory is false and unworkable for two reasons, the second of which follows from the first. The first is that *we cannot agree as to just what sort of human robot we want to produce in quantity.* The second is that, *if we tried to enforce an agreement, the enterprise would not work because of the inborn differences in individuality.* In Soviet Russia they have tried it and have had to retreat from it. They will have to retreat farther or go to smash. The Nazis and Fascists are doing the same thing. In the long run no social system will work which begins by trampling ruthlessly over the native differences in individuality and the social values of these differences; from which come the values of personality. Not only is each and every individual a private center of values, but individuals are born different in their combination of the potentialities common to humanity. The best social system will be one which begins by respecting the original individuality of man. Even in the case of identical twins each twin has his own inner tang and flavor of personal experience.

## CHAPTER XVII

### THE INDIVIDUAL AND THE GROUP SPIRIT

#### 1. SOCIETY MADE UP OF GROUPS

**T**HE FUNDAMENTAL PROBLEMS of social ethics can be best approached through the consideration of the psychology of group participation. There are, of course, all sorts of groups, from the casual group such as a crowd at a football game or at an accident or a street fight, to the State and the Church.

The important groups are chiefly of two sorts. First, the smaller and more intimate groups of individuals united by shared interests such as: a family, the members of a club, a group of co-workers, the members of a college, or a religious congregation. Second, the large institutional groups which, while they exist to satisfy shared interests, to realize common ends, are—by reason of their extent, the number of individuals they include and their temporal duration—not face-to-face groups. Such are: the large university, the whole church, the political institutions, the nation. The unity and continuity of these groups is expressed through symbols: through the linguistic and other expressions of their forms of organization and purposes—uniforms, rituals, flags, fetichistic devices such as fasci and swastikas, creeds and sacred objects.

The great difference between simple or more primitive societies and a modern complex society can be put in this way: In primitive society there are but few groups, and individuality is less varied, because the human animal is developed by opportunities and incitements to participation in the various group spirits. These are age and sex groups; childhood, puberty groups with initiation into manhood and womanhood; hunting, fishing, and agricultural groups; war groups, men's clubs, old men's groups—and no more. The groups, being fewer in variety, probably have

more influence in shaping the individual but they shape him in a simpler mold.

I suspect that individuality is less marked in simpler societies, not because it is actually repressed, but because of the relative paucity of incitements and patterns for its realization. By contrast, consider the groups that an American to-day may join! Americans are great "joiners." The writer belongs to a family, a neighborhood, several university groups, a club or two, a few learned societies, a church, a civic association, a coöperative society, several public-interest associations. For years six months have never gone by in which he has not been urged to join some other groups of which the purposes are worthy, but which cost time and money.

*Conflicts arise between different group interests.* There may arise an acute conflict between the vocational group interest and some other group interest; for example between labor and capital. Conflicts arise between groups interested in social reconstruction and groups whose function it is to defend vested interests. Conflicts arise between liberalism in regard to religion on the part of teachers, and the dogmas and emotional prejudices of religious groups. Conflicts arise between teachers' interests in the furtherance of social justice, through enlightenment upon the questions of vested finance, utilities, industry, politics and law; and these vested interests.

It is difficult to get any agreement among these complex and varied group interests as to the recognition of a fundamental common interest or *common good*, which all special group interests should be made to serve. Each group sees and fights for the interests and purposes to further which it exists—from the family to the labor union, the holding companies, the investment bankers, and the Stock Exchange. One group does not see the interests of the other groups.

The central function of the State is to make effective the common interest and to keep each group interest in its place as subservient to the common good. If the State fails in this function, through irreconcilable conflicts of special interests, it fails to be a true state. It becomes the dictatorship of some

special power group—here Fascists, there Nazis, elsewhere the powerful financial interest.

It has been remarked that the State belongs in fact to the powerful group that knows exactly what it wants. Unfortunately, there is much truth in this cynical statement. The State power should belong to no special group. It should be above all particular groups. It should aim only at the greatest good of the greatest number. The fundamental problem of social ethics is to define a set of interests that must be basic—a Common Good. In the following section further illustrations will be given of group morality.

## 2. THE MEANING OF SOCIAL CULTURE

Social culture consists, first, of the *institutions* or *forms of organization* through which the individual members are associated in various ways: (1) Sex and family institutions; (2) economic<sup>1</sup> and property institutions; (3) political institutions—the government of the larger group (clan, tribe, state); (4) moral codes; (5) other customs and laws; (6) religious institutions; (7) educational institutions and “cultural” systems in the narrow sense, such as movements and schools of art, literature, science, and philosophy.

Social culture consists, secondly, of the *sociopsychical attitudes engendered in individuals* by living within the institutional framework of the various social groups. The “natural” individual is socialized through the impact upon him of the group patterns of action and thought on his original nature. The individual is amenable to socialization through his dependence, especially in his long period of childhood and adolescence, upon the older members of the group; through his innate susceptibility to suggestion, his imitativeness, his fear of disapproval, his desire for the approval of his fellows, his fear of punishment, his desire for recognition and esteem, reward, success. The group system of culture operates upon the individual through education and

<sup>1</sup> I use the term “economic” to cover *all* the productive and distributive activities concerned with the maintenance and nourishment of life.



example. The formal processes of education, in the family, the school and the church, are only a part of the educational process.

It goes on wherever, and so long as, the individual is plastic and therefore positively responsive. The true teacher is always being taught. The mentally alive individual is always learning from his fellows.

The question which comes first, the individual or the group, is thus a senseless question—as senseless as the question which comes first, the hen, or the egg. The human animal becomes a truly human person only as a participating member of a social culture. His *personality* is molded out of his natural individuality, by his reactions to social stimuli and patterns. There can be no normal and human development except in a social culture. On the other hand, the group is made up of individuals living in intercommunication, interaction and interpassion, functioning within a traditional culture. We cannot find any absolute origins for human society. We have to begin with man the individual in the group. For man is man only in a social culture. The origin of culture is coeval with the origin of man. What most distinguishes man from the higher anthropoids is that, as a socially conditioned being, he both creates and is created by, the system of social culture. Because of his capacity for articulate speech and for many inventions, from fire and music to the photo-electric eye, he is able to associate with his fellows in ever widening communications; and able to transmit from generation to generation an ever increasing *social heritage* of culture. The time-span that he can command grows ever larger and richer in content; thus his purposive activity is projected ever further into the future. As Hegel said: Man is suckled at the breast of the communal ethos, the spirit of the community's culture. As Kant said: Man is an unsocially social being. He does not always get along well with his fellows, but he cannot get along at all without them. No man, be he day laborer, scholar, or Napoleon of finance, can escape the influence of the prevailing ethos, the spirit of his community or people.

Every form of social organization, every social institution, exists to further human values; to enable men to lead better lives. This applies all along the line, from the family to the nation

and the international agreements. The primary question that the philosopher asks in regard to any society or community is this: what human values rule in this community? This is a question of factual analysis. The second question is this: do these values really further human welfare? Is the order of values that effectively operates in this community the best possible? To answer these questions one must take a long look at the various orders of social values that have emerged in human history, and make a penetrating comparison of them. The critical question becomes—is this community, this nation, really civilized, is it really a humane culture? Barbarism and civilization are, of course, comparative terms. I cannot go into details about them here. I desire to emphasize this principle: a civilization is a genuinely humane culture in the degree in which it affords scope and stimulus to all its members to realize all their distinctively human capacities as far as possible. These capacities are: growth in fellowship, in love, in knowledge of nature and man, in self-control and self-respect, in the enjoyment of beauty and truth, in communion with one another.

### 3. THE GROUP SPIRIT OR ETHOS

There are three factors in determining the beliefs, attitudes and conduct of men. These are: (1) the natural or biological inheritance; (2) the social heritage; (3) the religio-metaphysical factor.

*The Natural or Biological Inheritance.* The inborn biological urges or impulses have remained constant through man's recorded history. The impulse to self-preservation, sexual gratification, desire for offspring, the gregarious impulse, the play impulse, self-feeling and the impulse of workmanship are much the same in all races and climes. The inborn impulses vary in strength from individual to individual, and perhaps there are temperamental differences between the great divisions of the human race—the Whites, Yellows, and Blacks. Perhaps there are racial differences of glandular balance. The Negro seems naturally a happy-go-luckier type than the white man. The Mongol and the North American Indian seem more stolid than either; and yet, the

Southern yellow man in Malaya and China is given to outbursts of running amuck. There are marked differences in temperament in different American Indian tribes; perhaps due to climatic influences and living habits.

The higher powers of imagination and reasoning are also pretty constant in the race, and variable in individuals. There is no evidence of any increase in man's native intellectual capacity during recorded time. There are fortunate conjunctions of racial circumstance with higher percentages of exceptionally gifted individuals which give rise to creative epochs. The greatest of these creative epochs in the West was, perhaps, Periclean Athens. Some writers hold that, in Western civilization to-day, the average intellectual capacity is declining, owing to the preservation and reproduction of the inferior stock. This may or may not be so. There are two considerations that make it doubtful. First, the much better records we keep now of the mentally aberrant and inferior. Second, the tremendous strains in our complex and dynamic civilization may be temporarily proving too much for many individuals. We have not yet adjusted ourselves to so many novel and dangerous playthings.

Whether there are marked differences in the higher mentality is a debatable point. Certainly the comparative histories of the white and yellow races on the whole do not clearly establish the intellectual superiority of the former.

*The Social Heritage.* This is the social factor in determining the individual's attitude. I shall call this factor the *ethos* or *spirit* of a group. By the *ethos* I mean the entire complex of ways of behavior, belief, and thought that makes up a social culture—everything from the useful arts, social structures such as the family, moral customs and legal codes, up to the prevailing attitudes in regard to the fine arts and "useless" knowledge and speculation. The *ethos* is the total social-mental climate of the groups in which the individual mind lives, moves and has its being. In its influence in molding the individual the *ethos* is second only to the biological impulses; often it is first. It produces human sacrifice, cruel persecution, war, and beastliness. It also produces works of justice, mercy, and love. It fosters or kills science and the fine arts. It stones its prophets and then builds

stately sepulchers and statues to them. The *ethos*<sup>2</sup> is more than a set of institutions, rules and laws. It is a subtle intangible spirit that is in the air of a community, that permeates and affects in some degree the feeling, thought, and action of every member of the community.

Every stable and well organized group is a cultural whole. It has its material culture, its set of implements or artifacts and ways of providing the means of existence and defense for its members. It has its system of human relations embodied in institutions, customs or folk-ways, laws and religious attitudes. Its instrumental imperatives grow out of the means for the satisfaction of biological needs; self-preservation, comfort, propagation.

So there grow up whole systems of coöperative acts and prohibitions of acts as to the proper ways of getting, preparing, and consuming food; as to the proper ways of courting, marrying, and giving in marriage; as to the proper ways of bringing up the young and initiating them into society, into the life of the family clan, tribe or nation; as to the proper ways of defending the group against its animal and human enemies; as to the proper ways of controlling the mysterious and super-ordinary forces which environ it (*Mana* and Magic); as to the proper ways of standing-in right with the unseen Superior Personal Beings who control the superordinary forces or are themselves possessors of superior powers—Ghosts, Spirits, the High Gods; as to the best ways of refreshment, and recreation, and enhance-

<sup>2</sup> The term *ethos* corresponds somewhat to the *mores* (customary morality) made current by Sumner and other writers on Sociology and Anthropology. The *mores* are binding folk-ways; binding because they are believed to be necessary to the welfare of the group. I chose the term *ethos* as meaning something both more and less than *mores*. I use it to include not merely the specific socially binding commands and prohibitions; but, in addition, the genuinely real spirit or community of feeling and attitude. I deny that this spirit of the community can properly be called a personality, but it is certainly an actuality in the sense that it affects the attitudes of whoever enters the group. Anything that does something is an actuality. In this sense *ethos* is an actuality—not over and above the individual spirits, but transforming them and binding them together. It arises from communal feeling, need, interest, valuation. It takes shape and local habitation in socially valid acts, taboos and attitudes.

It may spread like wildfire. I have seen the Fascist and the Nazi *ethoses* rise and spread and subdue all incompatible, critical, and even merely indifferent, attitudes. The young of Italy and Germany are being vigorously fashioned in the image of their *ethoses*, and what an image!

ment of the powers of the group and the individual through communal and individual play and art—in song, and dance, and forms of mimicry.

The prosperity and continuity of the life of the community is the primary and paramount social need, to which individual impulses and desires must be adjusted. The instrument of this adjustment is the social ethos. Even the most rational critical and individualistic ethics must start from this primary need, unless the individual is ready and able to find a desert retreat and live wholly by himself. Ethics is meaningless apart from the primary interests of social coöperation.

This does not imply a real social mind and will, over and above the minds of individuals in relation of interdependence and coöperation. The collective will and mind simply means a fundamental sameness of reaction, feeling and ideation on the part of members of the same group; due to their sameness of nature and of physical and social situation. The superindividual reality is the entire system of social-cultural instrumentalities and imperatives held to be necessary for the well-being and continuity of the group—not a mysterious entity called "Group-Soul" or "Soul of the People."

There is a prevailing climate of opinion and belief, a mental or spiritual atmosphere, in every social cultural group and epoch. All who live in the group and are fairly sensitive or plastic (not idiots) are affected by the social climate. Because of inborn differences they will react differently, but all will be subject to the influence—whether leaders or followers, geniuses or ordinary folk, hunters, warriors, magicians, priests, singers, plastic artists, thinkers or what not.

The above statements are true both of primitive clans and tribes, ancient city states, modern great states, pioneer communities or smaller and more intimate groups, such as families, or members of the same vocation.

The ethos, unlike the biological urges, changes in time. It varies from age to age, and even undergoes rapid changes in a single period. When this occurs we have a *transitional* or *critical era*, of social culture. Whenever two or three are gathered together in pursuit of a basic common interest, there is the ethos in the

midst of them. It may be a fishing club, a philatelic club or just a group of cronies. It may be the Fascist or Communist ethos. Indeed any group that is permanent for some time will develop an ethos—a family, a club, a vocational organization. The most enduring groups have the most pronounced ethos, such as large vocational organizations, colleges and universities, political parties, political states, and churches.

The term "spirit" designates the intangible and pervasive group attitude—the spirit of a college or university, the spirit of a community, the spirit of a congregation. Larger and more inclusive are the national spirit or spirit of a people, the spirit of a church, such as the Roman Catholic. Still larger and vaguer is the *Spirit of the Time*, the Spirit of Western Civilization.

Nevertheless, all group spirits or ethoses undergo marked changes, from the influence of new leaders plus the effects of changing conditions. Organized labor just now is changing. There is a conflict between two groups—the Craft Union and the One or Vertical Union idea. Even the Roman Catholic Church, although it claims to be universal, is different in the United States, France, Italy, Great Britain, Spain, and Latin America. We have witnessed and are witnessing great planned changes in the national spirit—in Italy, Germany, and Russia; in the British Empire, France, and the United States less spectacular changes. Returning to the United States from even only six months' sojourn in Europe, one is sensible of marked differences between the spirits of France, England, and the United States. If one returns from Italy, Germany, or Russia the differences are more marked.

Running through local, ethnic and national ethoses is the prevailing ethos of an age. The Feudal Age and the Universal Church had their own ethoses. The Medieval Christian ethos reached its apogee in the thirteenth century. The Renaissance, Protestantism and modern Capitalism brought in new ethoses—interacting but different. Old forms of social prestige weaken when new ones arise to influence. Old virtues die out; new virtues come to the fore. A nation at peace and a nation at war show marked differences in ethos. And these differences affect every mother's son of us. The ethos then is the potent and enduring soil and atmosphere in which the individual spirit either grows to

maturity or wilts and dies. If the individual does not respond conformatively to the ethos he becomes a pariah. He may be simply cast off. Or, he may be persecuted, starved physically or mentally, or imprisoned, or executed.

The ethos of old China, with its center in the family system and the semifilial relation to the rulers, was in striking contrast with the Western ethos with its emphasis on individual initiative, fluidity and politico-legal control. The ethos of Indian village life is in contrast with Western European life. Eighty-nine per cent of Hindoos live in villages and their lives are regulated by immemorial usages. The ethos of feudalism, with its knightly code of mutual obligation between the lord of the manor, his retainers, freehold villeins and serfs, and the guilds in the towns differed markedly from the ethos of business civilization to-day.

Even within my own life I have experienced markedly contrasting ethoses—namely the ethos of the Scotch-Irish, Scotch and English pioneer settlement in which my childhood and youth were spent, and the ethos of a political and industrial mid-western city. In the former, intellectual ability and honesty carried the highest social prestige. The greatest distinction to be achieved was that of a scholar, minister, lawyer, physician, or teacher. There was but little hypocrisy. Financial power counted for little. Many of the merchants were personalities. There were no chain stores. Among the most thoughtful and best read persons were a proprietor of a general store, a Scotch druggist and an English shoemaker. The village smithy and the drug-store were intellectual centers. We had a literary society where we read essays and debated on weighty themes. The Mechanics Institute had a good library; the High School another. The principal of the latter was the best read man in the community and probably the ablest one. His salary equaled that of the county judge. These two were the highest-paid public servants. No one connected with the administration of justice was elected by popular vote. All judicial and administrative appointees held office for life, subject to good behavior. The churches were evangelical, but in a sober and intelligent way. Revivalism did not flourish. Drinking intoxicating liquors was not frowned down upon unless done to excess.

There were marked individualities in members of the community, all tolerated with good humor. The local press was independent and decent. Every editor was his own boss. Public servants were independent of political vicissitudes. Of course, there were a few scalawags. We had a policeman, and a jail, and court of law.

Now, by contrast, in the ethos of the city in which I have worked for nearly thirty years the chief prestige comes from financial and political power. Teachers are not looked up to. If not colorless, they are suspected of being radical. Scholarship is not highly regarded; football prowess is. It brings great crowds, lots of money, and an emotional orgy. The side-shows receive more public attention than the genuine business of the university. In the city and the state public services are, to a great degree, the football of politics, on the principle "to the victors belong the spoils." Pressure politics flourish. One newspaper is part of a large chain. The others are owned by a financially powerful family.

The ethos of modern Capitalism in Western civilization became more and more pervasive, because of the expansion of commerce and industry and the speeding up of machine production, transportation and communication. Now the ethoses of the immemorial East are being transformed by it in Japan, China, and that vast country which is the land bridge between East and West—Russia. Nevertheless, in Japan the Emperor is still the Son of Heaven and the people his children, his obedient slaves, although superior to all other people, as being children of heaven.

The Islamic ethos of Turkey is undergoing rapid transformation. In Africa the primitive ethoses of the blacks wane before the advancing tide of white civilization. The natives are lost souls, since their own ethoses are dying and they have not been reborn into the ethos of white Capitalism.

In the United States Puritanism developed one distinctive ethos; the slave-holding aristocracy in the South which reached its zenith in South Carolina, a different one;<sup>a</sup> and the isolated

<sup>a</sup> Alice Huger Smith and H. R. Sass, *A Carolina Rice Plantation of the Fifties*. (An interesting work.) Also, Stark Young, *So Red the Rose*.



mountain whites in the Appalachians, a third which persisted even into the twentieth century. Hospitality, sentimental bal-ladry, clan sentiment, feuds and emotional revivalism were characteristics of the latter, which stretched from the hill-billies of West Virginia to the Ozarks. On the Western frontiers the mountain men and cattlemen developed their own ethoscs. Moreover, each of the distinctive ethnic cultural groups—Italians, Slavs, Germans (Catholic and Protestant), Irish and so forth, brought their own distinctive ethos. The Jews brought a combination of the Judaic ethos with internationalism. Our traditional democratic American ethos has had a hard time to keep its flavor dominant in the melting pot.

Now, as the same economic and industrial life, and the same rapid communication flood the entire country, all these local and varied ethnic ethoscs are being submerged in a more general commercial and machine ethos. Earlier, of course, in the predominantly commercial and industrial East, the old Puritan ethos was diluted in the rising tide of industrial and commercial expansionism.

A nostalgia may arise for the old lost ethos. Then a Calvin Coolidge is looked up to for a brief interlude as its living embodiment.

The United States and England are both democracies, they have the same tongue, earlier history, literary background, and religious traditions. The most important ethnic constituents in the United States are still those from the two islands. Nevertheless, important differences have developed in their respective ethoscs. (a) In formal social intercourse, class lines are much more sharply defined in England than in the United States. England is not as democratic socially as the United States. (b) There is much more regard in England to long-established conventions. Certain things are "not done" in England; they are not "cricket." The King could have a mistress, but he could not have a twice-divorced woman for wife. (c) There is, thus, much more fluidity and mobility in American life. The spirit of America is the expression of a vigorous people rapidly exploiting a continent; the spirit of England that of a vigorous people established for millennia in a tight little island and going out to exploit the world.

(d) There is a much more widely spread and stronger sense of public service in England than in the United States. Politics plays a large rôle in England, but the administration of the law, and the civil service are above politics. Civil service is far more deeply entrenched in England. No doubt this difference is due, in great part, to the long dwelling cultural homogeneity of the English. It is also due in part to differences in the political structure. Our frequent elections of nearly every officer of State, with similar frequencies in the appointment of non-elected public servants, together with the influence of money in politics, makes it easy and profitable for the spoils system to operate here. (e) Another powerful difference is that we entered upon the Industrial Revolution later than England, and then developed it with much greater rapidity and power, because of our great resources and enormous home market. The Canadian public ethos is intermediate between the English and the American.

The marked differences in the social attitude towards constituted authority, the rapid growth of representative government, the registration of land, the absence of entail and primogeniture, in America, as compared with England, were due to several factors. The Puritan influence was much stronger in America than in England. It received no setback here until it began to be absorbed in the new commercial and industrial ethos.

The original spirit of Puritanism with its democratic features (town meetings, the leadership of educated men), of New England was much reinforced by the large Scotch-Irish immigration after 1689, when their textile manufactures in Ireland were ruined by the English import tax, and later because of the religious persecution which they underwent. The Scotch-Irish could have no love, rather had they hatred, for England.

The original Puritans had also been influenced by the political and legal institutions of Holland. New York was largely Dutch. This Calvinist spirit of freedom was shared by the French Huguenots. It was increased by boundless opportunities in America for freehold farming and the growth thereby of local trading and manufactures.

The spirit of lawlessness manifested later was an exaggeration of this attitude. The United States exhibits at the present mo-

ment a confusion of ethoscs: puritan-religious, humanistic-liberal, ruggedly individualistic, capitalistic, agrarian democratic individualistic, mildly socialistic, the group ethos of organized labor, and that of the political partisan groups.

We have laws against gambling and other vices (the winking at these vices); prohibition of liquor; purity movements; enormous laxity and confusion in regard to marriage and divorce; absence of a sense of financial honor. Our present No Man's Land of Futility in regard to the regulation of the economic life for the greatest good of the greatest number reflects the confusion of our ethoscs.<sup>4</sup>

This confusion of ethoscs is more or less characteristic of Western civilization as a whole; with the exception of the Fascist and Russian types. On the other hand, the very consciousness of the confusion, the widespread awakening to a critical awareness of the conflicts in present day society presages the development of a more coherent and prevalent ethos. There never has been a time, during my lifetime, when great public issues were debated so keenly. The radio is proving a unique instrument for public education. The crucial question is: how will the public respond to these efforts to educate it?

*The Religio-metaphysical Factor.* Religion is often used by exploiting groups as an opiate for the people. But religion, in its genuine nature, is something quite different. It is the integral reaction of man's whole personality to the Universe in which he is a conscious member, able to feel and reflect upon himself as a microcosm in which are concentrated the vital currents of the Macrocosm. Religion is natural in the sense that it is an integral expression of human nature. The conflict of religions is a conflict within human cultural nature. Since man is an acutely conscious part of nature, what is natural to him is, in the larger sense, an expression of the Nature of Things. Therefore, paradoxical though it may seem, belief in and worship of the Supernatural is in itself an expression of the Nature of Things. Man cannot be cut off from Nature, nor Nature from man. Religious and philosophical humanism are truncated attitudes when they assume that, because what we know, or believe, or hope is an

<sup>4</sup>J. H. Tufts, *America's Social Morality*. (A good account of this title.)

expression of human capacity or human need and weakness, therefore we are shut up in our own human prison house and cannot see out into the world. We see with our own eyes, but our eyes are fashioned by Nature, adjusted to it, and what we see depends on the intercourse of our eyes with an objective reality.

#### 4. IDEOLOGIES

An ideology is a system of ideas and beliefs which formulates and interprets a social ethos.

Karl Marx made the term current in his view that ideologies grow out of the system of economic or productive relations in force in any social order (the economic interpretation of history). But through human inventiveness these systems of production change and conflict arises. A new set of productive economic relations requires a new ideology. But the old ideology persists through the cultural lag in moral customs, publicly enforced laws and beliefs founded on the inertia of tradition. Thus a conflict arises between the old system of social order and the system demanded by the new set of productive activities. Feudalism had its own system of customary morality, its usages and laws of property and mutual personal and class duties and rights. Out of the very bosom of capitalistic Feudalism came modern commercialism and mechanized industrialism demanding a new ideological system. The ultimate sources of social systems of ideologies and, therefore, of conflict between them are economic. This is the meaning of dialectical materialism.<sup>5</sup> The economic class war is the chief key to historical change. At present it is in conflict with the liberalistic laissez-faire economic system and the politico-legal system which is the protecting shell of the traditional economic system. The conflict can only be brought to an end by the abolition of economic class conflict through the establishment of a classless society.

Marx's theory is the exaggeration of a partial truth. Liberalism does not just spring out of free competition and die with its extinction. Moreover, art, science, religion and philosophy are

<sup>5</sup> "Dialectic" is a general name for any irrepressible conflict between opposites. This conflict can be overcome only by a synthesis in which the opposites are transcended.

not simply by-products of the prevailing economic system. There is in man a third potency; the impulse to be a spiritual personality, to find himself as an integrated spirit in communion with a spiritual order. This is the religious and metaphysical impulse. It may take the form of communion with an idealized historical figure—Christ or Buddha, or it may be an esthetic or intellectual mysticism such as one finds in mystical devotees and speculative thinkers in all mature civilizations. The “nature mysticism” of the romantic poets is one type of this spiritual integration.

*Conclusions.* This is a large and complex subject to which I hope to return in a later volume. Here I have space to state only these conclusions:

1. The social ethos is a powerful determinant of conduct, oftentimes a more potent factor than the biological urges. The religio-metaphysical factor is weaker, but important. Socially viewed, personal conduct might be put as an equation in which X stands for the biological urges, Y for the social ethos, Z for the spiritual impulse.  $X \times Y \times Z = \text{personal conduct}$ .

2. Since social ethoses vary with the whole set of conditions (economic, geographic, political and educational) the prevailing ethos is always relative to the total situation and constitution of a society. There may be a rank of hierarchy in social ethoses; which would thus be placed on a ladder of ascent towards the ideal human type. Since every principal ethos claims universality, this rank in the scale of ethoses would imply a reference to a spiritual factor which transcends the given economic, social and political factor.

3. If we make an objective comparative historical study of ethoses we can only be saved from a boundless relativism by the ideal of a Utopia which is derived from the acceptance of an ideal or pattern of life for human persons. This Utopia is the reflection of belief in a transcendent principle of ethical personality. If we do not accept Holy Germany, or Italy, or England, or the United States, or Russia as God, we can only be saved from a paralysis of social effort by faith in an ethical spiritual realm.

4. Therefore, I regard the assumption of a religio-metaphysical spiritual basis for ethical personality as the postulate of an in-

telligent and concerted effort to realize an all-around finer social ethos<sup>6</sup> as the climate for the development of personality.

I shall next develop the principles of a democratic social ethics, since I regard such an ethics as the embodiment in man of the ideal human type.

<sup>6</sup>The recognition of the determining power of the social ethos first became explicit in those who saw the unhistorical one-sidedness of the philosophy of the Enlightenment (although it was already recognized by the Greek Sophists). The latter movement in general recognized only the universal human impulses and reason as determinants of social order. They were reformers seeking the Heavenly City of Reason. The only use they had for social tradition was to throw it overboard. Montaigne, Locke, Hume, Adam Smith, and others recognized the powerful influence of custom in remolding the individual's attitude. Edmund Burke in England, De Maistre and others in France, in reaction against the Enlightenment and its offspring the French Revolution, proclaimed uncritically the dominant rôle of tradition, that is, of the social ethos. The romantic movement was on the historical side a sentimental evaluation of tradition. Saint-Simon and Auguste Comte in France saw the rôle of social institutions in molding the individual. But the man who first, in the nineteenth century, advanced an adequately comprehensive theory of the rôle of the social ethos in the history of cultural life was Hegel. Hegel, more than any other man, was the intellectual father of the historical attitude. Indeed, he overvalued the rôle of the ethos, just as Sumner did later in the United States.

It is true that Hegel, as he grew older and more conservative, identified the World Spirit too closely with the reigning social and political life of his day and land. I cannot discuss that point here. What I wish to emphasize is that, in recognizing the socio-cultural conditionedness of thinking on morals, science, and philosophy itself, no less than on economic, legal, and political matters, we are catching up with Hegel. So we have had in recent sociology and philosophy an exaggeration of the social; notably in the writings of J. M. Baldwin and C. H. Cooley. This involves an over-emphasis on the rôle of the social environment.

At the present time in the United States social psychologists, especially of the behavioristic tendency, probably in general overstress, somewhat, the rôle of the social environment in conditioning the responses of the individual which make up the objective aspects of personality. This over-stress, of course, falls in with the accelerating influence of mass production, mass organization, and centralization in industry, business, and government.

It is true that the individual, as more than a bundle of adaptive reactions to the environment, withers and the "social" world is more and more. If this movement continues I prophesy that the great complex society will go to pieces, perhaps collapsing from its own sheer weight or succumbing to the onslaught of a determined, vigorous and ruthless minority, like the Inca civilization from Pizarro's band.

As this work goes to press there has appeared a notable study of the ethos of the ordinary American city at the present time, *Middletown in Transition: A Study of Cultural Conflicts*, by Robert and Helen Lynd. This is part two of a sociological portrait of almost any industrial city from the Atlantic to the Pacific.

## CHAPTER XVIII

### THE SOURCES OF MORAL JUDGMENT

THERE ARE THREE possible alternative sources of the validity of judgments of moral values. These are: (1) the group mind or group soul; (2) belief in divine revelation; and (3) reflective or rational intuition. Let us consider these in order.

*The Group Mind or Group Soul.* The group mind or group soul is, psychologically and historically, the primary source of moral judgments, as well as the force which makes them effective. Social psychology and anthropology bear witness to this. Both *what* in particular the individual regards as right and wrong, and his very *feeling of obligation*, are developed or evoked by social conditioning. The very idea of mores or morals comes from the folk-ways that are considered necessary for the well-being of the group; whether the group be a patriarchal or matriarchal family, a tribe, a clan, a city-state, or a modern territorial state. The individual, with his long period of infantile and juvenile dependency, is incessantly exposed to the pressure of the group pattern. He is punished and rewarded for his violations and fulfilments of the group code. There is no escaping the impact of the social pressures except by becoming a lone wolf. To be expelled from the group is a punishment worse than death. It is almost impossible to live physically as a lone wolf, and it is painful and mentally harmful.

This does not mean that new moral rules or principles of judgment, new insights into moral values, are distilled from a mysterious entity, the group soul. New moral insights, as well as new applications of already accepted values, require the concert of two conditions. First, the group must be ready for them; and second, some individual—sage or moral genius—must discover them, become intensely aware of them, and proclaim them to his fellows.

But, primary and powerful though they be, the traditional mores are discovered, on reflection, often to impose heavy burdens on individuals without thereby furthering the group welfare.

The development of a critical attitude results from the growth of the economic life in variety and complexity, from changes in methods of the technic of production—for example, changes from pastoral and agricultural to industrial and commercial activities. Social habits are loosened. Critical reflection is further stimulated by contact, through travel and traffic, with other groups having different mores. The fusion of clans and tribes into larger social units requires the revision and fusion of different mores. Thoughtful individuals become skeptical as to the absolute validity of the traditional group standards. The distinction is made, as in Greece in the fifth century B.C., between what is right by *custom* or *convention*, and what is right by *reason* or *nature*. The traditional mores are brought to judgment at the bar of the *higher*, the *unwritten, law of reason*. Or, as by the Hebrew prophets, external conformity to ritual laws and the primitive code of an eye for an eye and a tooth for a tooth, and of a group morality which ignores the responsibility and value of the individual, are condemned in the name of justice and mercy for the poor and helpless; in short, in the name of human happiness.

The breakdown of a traditional group code is exemplified in Western capitalistic society to-day. An outstanding feature of this code is emphasis on the social duty of hard work, economy, and thrift; self-denial, not merely in order that the individual may pay his way, support his family, and lay by enough for a rainy day and old age, but in order that his savings may be invested to promote the expansion of business, and that there may be more to go around. Proverbs such as "Waste not, want not," "Take care of the pennies and pounds will take care of themselves," "A penny saved is a penny earned," express the morals of an economic order. The spirit of the code is expressed in the economic principles, such as: "Capital is the result of saving," and the supposed inexorable laws of supply and demand, rent, and wages. All these maxims arose in an economic society run on a profit basis, and in which, with the utmost



diligence, not enough goods were produced to afford a comfortable living for every one who worked, even if the goods had been more equitably distributed. In short, our inherited social code is based on an *economy of scarcity*. Through the rapid advance of the industrial arts we are living in an *economy of potential abundance*. It would be quite possible, by a socially planned economic system, to produce the means of decent and comfortable living for all. Continued economy and thrift, under the *laissez-faire* system of increasing mass production, means overproduction in the sense that buyers cannot be found able to purchase all the products. Economy and thrift, in the traditional sense, become economic vices. (This is not to say that there is not an important function for economy and thrift in order to yield the richest return in human values.) For, when foreign markets for the surplus products ("surplus" in the sense that consumers at home are unable to buy) are closed, production is sabotaged; and, by unemployment and reduction of wages without a corresponding reduction of prices, the home market shrinks lower and lower. The sabotage is first employed by the manufacturers. This results in decline of the purchasing power of the laborers for food and clothing and other necessities and conveniences. The market for agricultural produce shrinks more and more, prices of farm products collapse; and, while millions are insufficiently fed, clothed, and housed, the farmers are asked to reduce production—to limit their acreage and kill their little pigs—while the indigent are trying to find sustenance by subsisting on relief, or even picking at garbage heaps. So we have a moral code that produces immoral results, if we assume, as I do, that the final moral test of any line of conduct is what it contributes to, or detracts from, the fullness of life for persons.

These illustrations abundantly support the thesis that a *formal ethics*, based on certain moral laws assumed to be universal, becomes inhumane by making absolute what are purely relative rules of conduct, that is, relative to some particular social system. The only humane basis for ethics is an *idealistic utilitarianism*—an ethics of consequences in which the results or effects include, as paramount, the interests of the higher aspects of personality; and in which "relativity" does not mean that all

interests are on the same plane, but that, in effecting a harmonization of interests, those on each plane are to be considered *in relation* to those interests on the other planes, and all are to be considered *in relation* to the actual economic and industrial situation.

Immanuel Kant, the stoic rationalist *par excellence* of modern ethics theory, makes the universality of duty, the moral law, the supreme principle of moral judgment. Only motives, not consequences, count. Only an act done out of pure reverence for the moral law is truly good. Morality is a jewel that shines by its own light. The moral law is universal. "Act so that thou canst at the same time will that the principle of thy action should become a universal maxim."

Of course, to look at one's aims and motives in an objective and impartial manner, one must universalize the principles of one's actions. But this rule does not tell us whether—when viewed as a universal rule of action, one that I am willing that all persons under the similar circumstances should follow—my present motive is for the best interests of men or not. I might will that all should, like Abraham, be ready to sacrifice Isaac, or that all should kill or mutilate themselves.

Kant corrects his formalism by making man an *end in himself*, "Act so as to treat humanity, whether in thine own person or that of another, as an end and never as means only." This principle expresses the worth or dignity of personality as the ultimate touchstone of values.

But it does not guide us to *what* specifically, in specific social groupings and situations, makes for or against the worth of personality. Is it the greatest possible harmonious fulfilment of interests? Or is it action that rigorously subjects the feelings always to reverence for a supposititious command of duty? And *what* specifically does duty command for me? At one time, it is to work hard at a sedentary occupation. At another time, it is to go out and climb mountains, walk in the woods, or play golf, or fish. Both sets of alternatives are necessary to my efficiency as well as my happiness. Both are parts of the fulfilment of interests. But I do not find in either, within reasonable limits, any conflict between duty and inclination. In other instances, I do

find the conflict. But it is then, at the same time, a conflict between wider and narrower, deeper and more superficial, higher and lower *interests*. Moral rules and principles are simply guideposts to the conditions of the greatest possible fulfilment of interests, under the actual conditions of the individual's situation in a particular type of society. Hence they are relative. The only principle that is not relative is that the most comprehensive and coherent moral standard is the harmonious fulfilment of human interests, relative to the existing situation in which the person finds himself. Harmonious fulfilment of interests is the condition of happiness, in so far as happiness is attainable. It must be admitted that there are factors beyond the control of the individual and the group which affect the measure of happiness attainable, by affecting the fulfilment of interests.

*Belief in Divine Revelation.* The second source of the authority of moral judgments is the will of the gods or supernatural beings. From the *Alcheringa* mysteries of the Central Australians, to the laws of Moses and the revelation of Christ, the Vedas, and the Koran, one finds the group codes reinforced by supernatural sanction. The supernatural sanctions of the ancient ones, the high gods, the creators of the world and the fathers of men are, in all well-organized societies, believed to back up the mores of the group—the social code that is necessary for the continual prosperity of the group. The gods are the enduring and powerful guardians of the group life. Primarily, religion is the conservator of the socially recognized values. In this sense religion is not an agency of social and ethical progress. It is an essentially conservative agency. But when the ethical prophet, the moral genius, feels intuitively the urgency of a more humane and spiritual pattern of conduct he, of course, believes that the divine powers or power (if he is a monotheist) are on the side of the prophetic morality. One main line of advance in moral insight is the substitution of a deeper, finer, more embracing insight of a prophet, speaking in the name of the divine, for a cruder code. Familiar examples are the Hebrew prophets, Jesus, Mohammed, Socrates, Plato, St. Francis of Assisi. Then, when the prophetic revelation has come to an end, the resulting code has its established custodians in a church. The teachers, the

priests and bishops, the doctors of the law, the scribes and pharisees, become the authoritative interpreters of the revealed code.

But the doctors and the priests and other ecclesiastical leaders disagree. And the applications of their codes, even when they are not in scandalous disagreement, fail through the pressure of changing economic, political, and cultural conditions. The codes prove unworkable. Compromise becomes so rife that the codes lose the aura of divine authority. Other moral codes more adequate to cope with the changed social conditions must take their places. These in turn are clothed with the cosmic sanctions of a divine source. It is inevitable that the prophetic souls, to whom are vouchsafed visions of a nobler, richer, human life, should believe that their insights are visions from on high and that they have a cosmic sanction. And so, *in a relative sense*, they have. For it is natural and inevitable that the creative spirits should believe that the ascent of man in the realm of spiritual values should be an ascent to the spirit of the whole, to the cosmic spirit, the ground and the goal of the human spirit. This assumption carries in it the danger of dogmatic arrest and fixation. After the prophets and seers come the doctors of the law, the scribes and pharisees, who regard themselves as the appointed guardians of the final and absolute good.

There is no other or better ground for regarding human moral insights and ethical values as having a cosmic source and support than there is for regarding the esthetic visions of the creative artist, or the intellectual insights of the creative thinker in science and philosophy as having a like cosmic source and support. Indeed, were this a treatise on cosmology or metaphysics I should maintain that the supreme cosmic spirit, the creative genius of the whole, must be the unitary ultimate source and goal *alike* of our ethical values, our intellectual insights, and our visions of the beauty, tragedy, and comedy of things.

We must bear in mind, however, that *all* our valuations—of truth, beauty, and goodness—are our *changing and relative*, but, we may hope and believe, *growing, human approximations to the supreme ideal reality*. And, therefore, we must beware of assuming absoluteness and finality in these, our human valuations. We

are embodied spirits, the offspring of the universe. We may believe that we are, as seekers and achievers of spiritual values, children of the Most High; but we must remember that we cannot escape the limitations of humanity, that our mental pictures of the spiritual order are conditioned by our finite human nature, just as truly as our sense perceptions.

Our little systems have their day;  
They have their day and cease to be:  
They are but broken lights of thee,  
And thou, O Lord, art more than they.<sup>1</sup>

This does not imply at all that all moral systems are equally good or equally illusory, any more than it means that all intellectual insights and all visions of beauty are equal in fullness and adequacy. It means that in the spiritual order—alike in ethical, intellectual, and esthetic values—there is relativity with progress. The thoughts of men are widened with the process of the suns. Humanity can and does grow in knowledge, wisdom, beauty, and spiritual stature. In periods of confusion, of social break-up and reconstruction, like the present, when one age is dying and the other not yet born, men are apt to despair and to feel that there is no progress, but only an endless cyclical threshing about of slaves and madmen enthralled by their own chains. We must take longer views. A few centuries ago Western Europeans were stupid and cruel in their treatment of minor criminals and the insane, and they were especially cruel in war. Even the Greeks of glorious Attica put to death whole populations of Greek isles who refused to pay tribute to them. The cruelty of the Assyrians in war has become a byword. The cruelty still persists among the desert Arabs. Cnossus, in Crete, had a wonderful civilization from 2500 to 1500 B.C. but they worshiped a snake goddess and their bull sports were cruel to the bull-vaulters.

*The light of reason, illumining and guiding the more generous and nobler feelings, must be our guide.* It is very difficult to get human beings to follow the light of reason. Most human beings seem to be impelled to act chiefly by impulse, passionate desire, habit, and prejudice; and restrained from action chiefly by in-

<sup>1</sup> Tennyson, *In Memoriam*.

ertia, fear, or indifference. They act without reflection, or even follow a leader blindly, rather than think for themselves. Perhaps, amidst better social conditions, with opportunity to inform themselves, to practise reflective thinking without being starved, or intimidated, or cajoled in their tender and susceptible years, a much greater number would learn to think and choose reflectively. Such is my hope. It is the only permanent hope for mankind. Our aims arise in *feeling* and find their ultimate satisfactions in feeling, but reflective thinking, reason, is the only trustworthy guide. The spirit of reason in practical affairs is the spirit of love.

The opposition so often drawn between feeling and imagination on the one hand, and reason on the other hand is false. Feeling is the active desiderative aspect of perception, imagination, and reason. Sympathetic constructive imagination or love (in the widest sense) is the basis of normal social life. We recognize other persons as equally significant to themselves, as equally centers who feel the tang and sting of life, its pleasures and pains, its joys and sorrows, and therefore have equal worth, through the exercise of sympathetic constructive imagination. Reason is simply the wider generalization and elaboration, through more readily manipulated symbolic expressions, of this same power of sympathetic creative imagination. This is "reason in its most exalted mood."<sup>2</sup> The notion that pure deductive logic and mathematics are the supreme achievements of reason is erroneous. They are merely exercises in the development of definitions and their implications. No one ever gets, by means of deduction, more out of logical and mathematical propositions than he first puts into them.

*Reflective or Rational Intuition.* There is left only recourse to the third source, reflective intuition. There can be no *proof* of the validity of moral values, nor of the specific acts that follow from the values judged to be moral, other than the reflective judgment of the individual. Considerations of worldly prudence or the desire to escape friction, the disapproval of others or actual punishment, may lead the individual to waive or suspend his own judgment and give way to the pressure of others; but

<sup>2</sup> Wordsworth's phrase in *The Prelude*, Bk. XIV, Conclusion, l. 192.

such attitudes are not moral judgments. The individual may even bow to the authority of a revealer, speaking through a church, because he feels morally at sea and an incompetent mariner. But such an attitude is merely the *abdication by the individual of his autonomous moral personality*, and the placing of the guidance of his acts solely in the hands of others. There is no half-way station for the reflective individual between following his own rationally examined intuitions and the surrender of moral personality.

By reflective or rational "intuitions" I mean: (1) That the final basis of moral judgment is the feeling of the individual that this motive or act is right because it increases human good and that motive or act is wrong because it diminishes human good. (2) That the particular feeling of value must be reflectively examined with respect to two questions: (a) will the expression of it, in act, conflict with and diminish some other actual value, and if so, which value shall have right of way? (b) assuming that the value at present in mind has right of way, what are the conditions for its effective realization?

The specific human values of motives and deeds cannot be deduced from any general concept of the good life; such as self-realization, perfection, or the greatest possible sum of pleasure. Suppose we say that self-realization is the criterion. This statement gives us no information as to what kind of self is to be realized, or how. In order to answer these questions one must make intuitive judgments as to the respective ranks or places of values in a scale. Values must be somehow commensurable if there is to be any coherence and continuity in self-realization or the perfecting of personality.

At this point we are faced by the great variety of individual differences. The majority of the people one meets care nothing for some of the things that others value most highly—poetry, speculative thought, the history of human culture. Many of them care much for things that others care nothing about—witnessing professional baseball, playing bridge. Some things most of us agree on—food, clothing, physical comforts, motoring, sex and family companionship, social order, and a decent livelihood for every one.

Our scheme of judgment of moral values should be elastic and inclusive. It should include the values of the basic needs and interests which most sensible persons either agree upon or agree that it is sensible to agree to differ upon. I should call this the *moral minimum standard*.





## CHAPTER XIX

### THE GOOD LIFE, THE ORDER OF VALUES

#### 1. DESIRE AND VALUE

INDIVIDUAL PERSONS alone are the subjects of the good life. For individuals alone feel pleasures and pains, satisfactions and dissatisfactions, happiness and misery. A group does not feel happiness nor misery, although the individual's feelings may be much enhanced by the consciousness that others feel the same way. "Social good," "common good," "national good," are simply abstract names for those conditions of satisfactions that groups of persons have in common. Good for me is whatever satisfies me, bad whatever dissatisfies me. I am happy in so far as my strongest and most permanent interests are being satisfied in a harmonious manner. I am unhappy in so far as these interests are being thwarted. For individuals then, the final touchstone of good is *how they feel*. The individual's welfare or illfare consists in how he feels on the whole, or continuously and permanently. There is nothing bad or good for the individual but feeling makes it so. Of course, we distinguish between long-run feelings and momentary evanescent feelings. I may be irritated or feel fleeting pains a dozen times a day and yet be happy, because on the whole the day's experiences satisfy me. I may feel no particular pain during an entire day and yet end it in dissatisfaction, because it has been a dull day. Nothing achieved and no deeply or intensely satisfying experience. I have not accomplished nor enjoyed much, if anything, in particular.

We distinguish things and acts that are *good for something else*, from experiences and acts that are *good in themselves*. Money is not good in itself, we cannot eat it or wear it. It is good to procure for us the necessary implements for personal satisfaction. To go to the dentist is disagreeable, sometimes pain-

ful and always costly, but it is good for my teeth and general health. On the one hand to be in good health, to feel energetic and zestful, to hear a symphony well played, to read a beautiful poem, to see a grand landscape in nature, to be appreciated, praised, and loved; to love my friends and the members of my family, to have a successful day's fishing or golf, to master a fresh bit of knowledge in science, history, or philosophy, to make a good speech or write a fairly satisfactory chapter—all these things are good in themselves; not just good for the sake of something else, although they may also serve other good ends. The out-of-door enjoyment promotes my health; the mastery of knowledge, the speaking or writing, may turn to my professional and financial advantage. Many enjoyed activities are thus both good for the promotion of other interests and good in themselves. For example, if one can earn a decent livelihood in activities that he enjoys, he has, to a large extent, the conditions of happiness and thus far is fortunate. If, on the other hand, he suffers a tragic personal loss which he was unable to prevent, he is unfortunate and thus far unhappy. There are conditions of happiness that are not only beyond the control of the individual, but beyond the control of organized coöperative social effort. The latter can do much in insuring economic hygienic and educational and recreational conditions of happiness.

So far as I know, Plato was the first thinker to distinguish clearly between the three chief classes of goods. He says, in the beginning of Book II of *The Republic*, that there is a class of goods we value for their own sake, such as the feelings of enjoyment and harmless pleasures; a class which we value both for their own sakes and for their results, such as intelligence, and sight and health; a third class, such as gymnastic training and submission to medical treatment, and making money, which we do not enjoy at all for themselves, but which we accept for the sake of their consequences.

The satisfactions that are desirable on their own account, as end-states or consummations of individual desires and interests, we call *immediate* or *intrinsic*. The goods that are always merely means to further these satisfactions, such as money, or mechani-

cal tools, we call *instrumental* or *mediate goods*. Of course, it must be remembered that, since human nature is always a living complex unity or system, in which all experiences interpenetrate, instrumental goods and immediate or consummatory goods intermingle. Food served and eaten under esthetic conditions is more healthful, because more enjoyable. A mechanical tool, such as a motor-car, may be beautiful as well as useful, and hence more enjoyable to look at, and ride in.

Activities and experiences are good in themselves because they satisfy ultimate interests. They have *intrinsic values*. Values have their roots in feelings. A machine cannot experience values because it cannot feel. Even a thinking machine, if such were possible, would not value thinking. One often hears people talk about "a cold scientific mind." There is no such mind. A scientist or a true scholar in any line carries on impersonal disinterested investigations, *because he values truth*. He feels satisfaction in knowing or discovering something in the order of physical nature or of human nature. The scientific thinker is seeking order or harmony in his picture of nature or of any bit thereof. The humanist scholar is seeking to understand the order and harmony in the tangled facts of human life. Their interests are esthetic, just as truly as are the motives of the artist or the poet. Human nature has a considerable variety of interests. This means that man responds to a considerable variety of possible activities and experiences with feelings of satisfaction and dissatisfaction.

What determines our feelings, the emotional ways in which we react to the various acts and sufferings that are possible to us? It is our inborn native impulses, as modified, developed, furthered or thwarted, twisted or defeated, by the opportunities and hindrances presented by our physical and social environments. (And it is the social environment that has the most powerful and persistent influence.) *Human valuations are the expressions of human feelings*; and feelings are expressions in consciousness of the satisfactions and thwartings of our native dynamic impulses or urges.

Man is essentially, from the moment of his conception, a dynamic self-developing, self-organizing system of impulses, urges,

drives. There is no such thing as a purely passive individual except a dead one; that is to say, one no longer an individual. From the fertilized ovum through the entire gamut of his history, the career of the most obscure person, no less than the career of the most famous man of his time and people, is the unfolding, the self-development, of a dynamic system of impulses.

While all valuations have their roots in feelings, they are not the expression of mere feelings. Man is a thinking being. As soon as he begins to compare, to choose between possible satisfactions, to consider the personal, physical, and social consequences of his acts and the effort and risk involved in satisfying his desires, man must reflect. *He forms comparative judgments of value.* He forms, through memory and reflection, images of possible satisfactions. He pictures and conceives the relation of means to ends, the effects of achieving some values or the possible enjoyments of other values. Human valuations, then, are judgments as to the characters, the inter-relationships and conditions of possible end-states, of consummations in satisfactory feeling.

The principles of morality, the concepts of *right* and *wrong*, *good* and *bad*, of *value* and *disvalue*, all have to do with the images and concepts of the good life and its opposite. When we judge an act or motive as *right* or *wrong*, we are thinking of its conformity or non-conformity to some rule of action as governing these relations between persons that must be observed in order that they may realize the good life. When we think of *good* or *bad* we have in mind something which either is valuable or disvaluable, either furthers or hinders the achievement of value. A good is an enjoyed value; a value is that which makes a situation, an act or state of mind, good.

Good for the individual is whatever he feels satisfaction in, and therefore whatever has immediate value for him. Whatever he feels value in, is whatever fulfils some dynamic capacity, some native impulse that is an organic part of himself as a going, living, feeling, thinking concern. There are two principles that require especial emphasis: (1) Human welfare or happiness is attainable only in so far as the active capacities of individuals

find satisfaction in ways and degrees that do not thwart or injure other capacities of the same individual to feel and act. (2) The individual is an organic self in all stages of his career. He is never really a mere bundle of capacities, bundled by no one. He is never a mere robot, a collection of mechanical patterns of response. He is a dynamic, organic system. In other words, every single impulse is a living member of the intimate and indivisible unity of the self. Consequently, the excessive satisfaction of one impulse (whether it be sensuous, as in the case of lust or desire for drink, or ambition, or intellectual activity), at the expense of other capacities, reacts so as to affect the whole of the self, to impoverish it or introduce discord. But whether a self be well or poorly integrated, rich or one-sided, harmonious or in conflict with itself, it is *oneself*. Even alienated personalities have a tragic kind of unity. Defeated in the attempt at a synthesis in social relations, they extrude whole areas of their selfhood. *Harmonious self-realization or integration, and happiness, are two ways of naming the same organizing principle.*

## 2. THE SYSTEM OF HUMAN VALUES

*The Psychological Basis of Values.* We are concerned here only with *intrinsic values*; in other words, with those consummations or end-states which yield *immediate satisfactions* to individuals. To me it is self-evident that "value" and "good" mean the same thing, and the meaning is, *whatsoever satisfies an interest*. Disvalue or bad is whatsoever thwarts the satisfaction of an interest. What is the relation between value and desire? Spinoza said: "'Good' is whatever one desires, and 'bad' is whatever one has an aversion to." Others, such as the advocates of duty for duty's sake and those realists who argue that values are valid independently of desire and interest, reject this view. I confess that I cannot understand their position. I cannot conceive any one valuing anything that he has no interest in. St. Paul says: "Though I give my body to be burned and have not charity, it profiteth me nothing." Now, apart from any other consideration, no one desires his body to be burned; but for St. Paul the supreme

interest or desire was life eternal, which for him consisted in knowing God and Jesus Christ whom He had sent. This knowledge involved the pervasion of one's life by Christian love. So, in the case of a conflict of interests, St. Paul was choosing what to him was the vastly richer, because eternal, value of immortal life. One may enjoy a landscape or a picture without strongly desiring to possess them in the legal sense; but to enjoy them is to possess them in the sense of satisfying one's interest in contemplation of them. In short, value is whatever satisfies an interest of a self-conscious being. All values then have their roots in feelings, in cravings, the satisfaction of which is desired.

Of course, intrinsic values are also in part instrumental. One enjoys exercise in play, and in moderation it is physically profitable. One enjoys nature or art, and these enjoyments are both physically and mentally refreshing. One enjoys the acquisition of knowledge just for its own sake, but one may also earn a modest livelihood trying to communicate it to others. It is well known to all students of the history of science that most of the inventions which have proven enormously profitable for their exploiters and many of which have proven socially beneficial, are based on discoveries made by individuals who had a passionate or persistent interest in finding out the hidden "hang and go" of things.

If every person could always satisfy all his interests without let or hindrance, there would be no occasion for moral and legal codes, for courts and police, for the State. There would be no occasion for moral philosophies. Moral customs and codes, legal and political systems, are instruments for regulating the conditions for the satisfaction of human interests in society; but they are often more or less haphazard—based on overhasty inferences, mutually inconsistent interests and motivations, or are imposed by superior brute force in the conflicts between groups. They persist, in part because of mental inertia, social habit, or the inability of those groups whom they injure to get into effect a better scheme. Social codes never work satisfactorily for all the members of the community, and in times of rapid change in economic and cultural conditions they break down. Hence the

need for social and moral philosophy; which is simply the attempt to formulate a comprehensive, consistent, and workable scheme or plan of human values. Moral philosophy is identical with social philosophy, since individuals can realize their human capacities, that is, satisfy their interests, only in a community, and morality has to do with the social relations of individuals. It is possible that a human being, living like Alexander Selkirk, might require a crude scheme of values, but his humanity would be rudimentary. In normal human life there is no value, however private or peculiar, which has not a possible social bearing.

Human beings differ in their original make-ups, and in these native differences consist the primary differences in individuality. Organized society should function so as to afford to every individual the opportunity to satisfy his basic impulses, in so far as satisfaction does not thwart or prevent the like satisfaction on the part of other individuals. Beyond these basic common conditions of individual satisfaction or happiness, the greatest possible latitude of free play to individuality should obtain. Only in this way can the greatest possible happiness be realized. Human values are expressions of human feelings. Feelings are the appearance in consciousness, the meanings, of man's original dynamic impulses. These feeling-impulses can be arranged in a series of levels, but the higher levels may control the lower levels. The individual may love his family, his honor, his country, his moral integrity, or his religion, more than he does his own life or vital well-being. On the other hand, he may love himself so narrowly that he loses his fuller selfhood; lames and arrests his personal development by refusing to sacrifice the present narrow bodily or social self to larger and more permanent interests, to family, country, knowledge, beauty, social justice, or humanity.

These levels of feeling-impulses are as follows: Each one has its own values, and the value of life as a whole depends on how far they can be organized into a harmonious or coherent dynamic system of acts.

The following table gives in parallel columns the chief capacities or interests and the corresponding values which ensue from their satisfaction.

## CAPACITY OR INTEREST

## VALUES

- |   |   |
|---|---|
| (1) Physical health and efficient activity.   | Vital values—feelings of general well-being, enjoyment of energies or skills in the various organs, pleasures of the special senses.              |
| (2) Psycho-physical individuality. Impulse to self-preservation and self-development. | Self-realization and self-expression in play and work. Enjoyment of the development and the exercise of various skills involving mental activity. |

The impulse for self-expression is not one single impulse. It has a variety of forms. The play impulse, the instinct of workmanship, the impulse of leadership and, of course, the specified direction taken by the play impulse and the instinct of workmanship, depend on a compromise or balance of two factors—the individual's native impulse and the social environment. A strong impulse to invent, to write poetry, to paint, or to seek disinterested knowledge may be favored or thwarted by the environment. An exaggerated perversion of the self-expressive impulse, found in dominating personalities, is the impulse to exercise ruthless power over one's fellows which leads to their exploitation. World conquerors—Alexander, Timurlenk, Genghis Khan, Napoleon—had this impulse in superlative degree. In our present order it is shown by financial promoters and political dictators.

## CAPACITY OR INTEREST

## VALUES

- |  |  |
|--|--|
| (3) Social or interpersonal interests. | Enjoyment of companionship, coöperation, and comradeship; the various forms of love: friendship, love between the sexes, and family affection, human sympathy, regard for the common good and for the welfare of humanity. |
|--|--|

Participation in common activities of food-getting and the exploitation of nature develop community of group interest. Those of the same occupation have much in common. So we have the communal feelings of hunters, warriors, herdsman, agriculturists, priests, scholars, teachers, physicians, lawyers, politicians.



Patriotic devotion to the nation may be merely a blind passion of herd feeling, or it may, at its higher levels, be a devotion based on a genuine appraisal of common goods which the nation serves. A nation is a community existing to further common economic, cultural, and ethical interests.

Friendship between persons based on interest in the common pursuit of the good life is, as Aristotle said, one of the richest and most satisfying values.

The sex impulse is both individual and social. It is individual since it is a powerful kind of self-expression. It is social, since the individual is brought into the most intimate bodily and biopsychical relation of dependence on another individual. From the fusion of the sex impulse, the desire for companionship, and the parental instinct comes the lasting love of mates.

In each specific form of social life some one facet of man's social feeling is expressed along with others. The family is based on the sexual and parental impulse. Its primary biological root is the need of care for the young. In the permanent family these develop deep lasting sentiments of sympathy, friendship, devoted love. They are the richest social values. Through the power of spirit, sex lust becomes tender passionate love. Desire for companionship becomes comradeship; friendship, love for one's fellows. The primitive herd feeling becomes elevated patriotism; and when man gets to the point of recognizing and feeling that the similarities in human nature are deeper and more fundamental than the differences of usage, language, or even color, he develops the feeling for *humanity*.

The very existence of human communities, from a primitive family to the great modern state, and from the fellowship of the hunters and warriors of a clan, to the international companies of scholars in science and philosophy, the international companies of artists, philanthropists, and humanitarians, is the result of the original human capacity to think; of the possession of that capacity which, while it actually operates only in individual minds, is in principle universal. Reflective thinking, creative or constructive imagining and thinking, are thus both individual in origin, and universal in aim. The possibility of communication is the primary condition of the existence of any

group; and communication, whether through gestures, signs, pictures, pictographic or syllabic or alphabetically structured language, is the result of the power of thought to make particular pictures and conventionalized symbols the carriers of universals, of meanings.

In any special sphere of culture the same principle holds good; whether it be language itself, artisanship and art, industry, commerce, law, politics, religion, or political science and philosophy. Progress in generality, in the scope of its applicability to guide and satisfy human interests, results from the transformation, the illumination of particular bits of experience, particular images, so that these become freighted with richer, more far-reaching and high-soaring meanings and values.

## CAPACITY OR INTEREST

- (4) Supersocial interests
  - (a) Intellectual interests

- (b) Esthetic interests

## VALUES

Joy in the acquisition of understanding of the processes of nature and of man's historical-cultural life. The most comprehensive form of this value is the satisfaction of the philosophical thirst for a global synthesis or, failing this, for a rational insight into the limits of human understanding.

The enjoyment of contemplative intuitions of beauty, picturesqueness, grandeur and sublimity, tragedy and comedy, in nature and in human life and history. The esthetic satisfactions cannot be separated from the intellectual, although they can be distinguished from them. Indeed, one might say that the *intuition of significant relations* in nature and in human nature, including the process of thought itself, yield esthetic feelings. The fundamental difference between esthetic and intellectual enjoyment is that esthetic enjoyments may be had from the contemplation of purely

## CAPACITY OR INTEREST

- (c) Religious interest; the interest to recognize and commune worshipfully with the ultimate ground of meanings and values of life and existence.

## VALUES

imaginary but significant wholes, whereas the specifically intellectual enjoyments arise from the intuition of relations that are believed to be true.

Religious values are enjoyed in a variety of ways, dependent upon the social culture of the individual and the reaction of his native individuality to that culture. For example, the typical Mohammedan may be prostrate in fear and adoration before the mysterious omnipotence of God. In another, the typical Christian, the sense of the mysterious omnipotence of God is transfused with the feeling that he is infinite fatherly love. For a third, a Spinoza, for example, the absolute and unvarying rational order of the universe is the object of his intellectual love. For a fourth—a Kant, for example, or a Fichte—God is the ground and governor of a universe of morally autonomous persons.

The physical and the psychophysical values do not require comment, but the social and supersocial values give rise to misunderstanding and disputes. I will therefore make some further comment on these:

*Social or Interpersonal Values.* We are not here concerned with the social customs and rules regulating the intercourse of persons, but with the living values enjoyed by persons in communion with other persons. These are for most persons the deepest and most pervasive of all values. There are a few rare individuals who seem to find their greatest satisfactions alone with nature, or in art, or in scientific and philosophical inquiry. But for the great majority this is not the case.

The widest and the shallowest social values are those that

arise merely from companionship with one's kind or, if this fails, with pet animals. This value is the satisfaction of the gregarious instinct. As the proverb has it, birds of a feather flock together. This interest is not selective. Any one will do. But when individuality is at all developed, selection must come into play. One can respect and feel a vague sympathy for many persons, but it remains true that one cannot have many deep friendships. Friendship requires a union of deep community of interests with diversity of individualities. If one has a great variety of interests one, of course, can have a variety of friends. There cannot, as Aristotle said, be deep friendship between individuals that are very different in their interests and at the same time very unequal in their powers. The strongest friendship is the friendship of equal minds, united in the common striving for the good life. This does not mean that individuals who are in different stages of development of similar interests cannot be friends; for example, parents and children, teachers and pupils.

Companionship or fellowship is a social value intermediate between mere casual associations with one's fellows, and friendship. One can enjoy, for the time being, the companionship of all members of one's own vocation or avocation. One can enjoy golfing or fishing with persons with whom one does not share cultural interests.

The most intense and powerful forms of interpersonal feeling are those involved in family life. The love between the sexes is many-sided because it is a fusion of physical and esthetic emotions with sympathetic regard for the spiritual personality of the beloved. Without this sympathetic appreciation of the personality of another, sex feeling is merely lust. The loves of parents for children, of children for parents, and of brothers and sisters are strong and enduring. The devotion of parents to children is probably the strongest of all loves—the most selfless, the most patient, the most loyal. This highest quality of parental love is expressed in the fact that, in the highest form of religion, the essential attitude of God is conceived after the analogy of parental love. "Like as a father pitieth his children, so pitieth He them."

*Supersocial Values.* In the esthetic values are included the en-

joyment and appreciation of nature and of the esthetic treatment of external nature and human nature in the fine arts. One defect of our increasingly citified life is that it shuts us out much of the time from communion with nature. One of the great values of the motor-car is that it enables us to escape to nature. Flowers, grass and birds, running streams, hills and valleys, sunset, moonlight and starlight on plains, hills, waters, shifting clouds, storms and sunshine, trees, and ferns, the salt estranging sea—in the enjoyment of these there is healing and refreshment for the spirit of man. No people can be permanently healthy in soul which does not commune with nature. Communion with nature is enriched by an understanding of the forces at work in the ceaseless changes of nature. One who knows something of biology, geology, physics and astronomy has a keener appreciation of earth and sky than the ignorant. Scientific education should be directed largely to this end, and not be regarded merely as an instrument for exploiting nature for commercial purposes.

The power to appreciate beauty in the fine arts can also be much increased by an esthetic education. Our education has been seriously defective in these fields.

Commercialism in buildings, publishing, the unprincipled exploitation of the radio and the movie have cheapened and degraded the human taste, whereas they might be instruments of enriching esthetic values.

I have already pointed out how scientific knowledge enriches our enjoyment of nature, and historical and cultural knowledge our appreciation of the fine arts. Knowledge of the march of human cultures, of the rich and varied spectacle of human history with all its ups and downs, through history and biography written with warm and intimate human insight, contributes greatly to the enrichment of the mental life.

Esthetic experiences have three characteristics: (1) *They are self-complete, self-sufficient intuitions.* The statue, the picture, the play, or the poem are sufficient unto themselves as objects of enjoyment. (2) *They are unified wholes,* concrete individuals, in which are blended a variety of elements. For example, a Greek temple, a Gothic church, a play of Shakespeare, Keats's

"Ode to a Grecian Urn," are individual wholes. (3) *They yield* to the appreciator *emotional meanings*. The concrete intuition carries something of *universal emotional significance*. The Gothic cathedral, the Sophoclean or Shakespearian play, express universal aspects of action and suffering, sorrow and joy, tragedy and comedy, sin and forgiveness, aspiration and worship.

### 3. THE ORDER OF VALUES

Enlightened moral common sense intuitively recognizes qualitative differences in human capacities, and hence in the values which come from their satisfaction. John Stuart Mill expressed this when he said, "Better a Socrates dissatisfied than a fool satisfied." This intuitive judgment of the qualitative differences in the interests and values is the ultimate basis of moral distinctions. We cannot go behind it. In this sense moral judgments are both intuitive and relative. If a devotee of exclusively sensuous pleasure says that intellectual and esthetic pleasures, or the satisfactions of beneficent social activity, are not qualitatively higher than sensuous pleasures, one cannot convince him that they are. One can only say that he is a low character, that he is treating himself as an animal, that he is leaving out of his reckoning just those interests that constitute the peculiar nature of the truly human type, that he is insensible to the real worth and dignity of human personality.

The intuitive judgments of enlightened moral common sense recognize that the social values of comradeship, friendship and love have a higher rank than the values of physical well-being; and that intellectual and esthetic values rank higher than the values of sensuous well-living or even of social prestige. I think one may even say that reflective common sense recognizes that the esthetic and philosophical appreciation of the meaning and mystery of the whole, or reverent communion with the nature of things, is the most inclusive of all spiritual values.

If there be a conflict between the satisfaction of physical and sensuous interests on the one hand, and social or spiritual interests on the other hand, moral intuition does not hesitate usually which choice to make. But the case is not so simple when conflicts

arise between different social interests; as, for example, between the interests of a vocational group, or the public interest, and one's family interest; or between friendship on the one hand, and truth on the other hand; or between one's interests in art, science, or scholarship and the worldly interests of one's family; or between one's ethical and religious convictions and one's social associations.

No moral philosophy can furnish ready formulas to solve these conflicts. The circumstances in which they occur vary infinitely and their solution must be left to the practical good judgment of the individual, with reference to the actual circumstances. Still, I think there are *four* general principles for guidance, in the comparative estimate and choice of values within each level. There is a *fifth* or *sovereign principle* for deciding between the conflicting values of different levels when one or more must be sacrificed.

Those principles are: (1) durability, (2) depth, (3) fruitfulness, (4) shareability, and (5) the sovereign principle of coherence or harmony.

I will explain each briefly.

*Durability.* Other things being equal, that value is to be chosen which comes from the satisfaction of the more durable interests. For example, choose permanent physical well-being in preference to the more intense enjoyments which injure health or dissipate strength; choose permanent social ties rather than fleeting associations; choose forms of mental culture that will be lasting rather than passing mental excitements. The youth should choose spiritual development in preference to immediate sensuous gratification. The wise man will choose not to sacrifice intellectual or esthetic interests to money-getting. The former are more durable. In human relationships a friendship based on community of interest in higher things is more durable than a mere fair-weather friendship. A sex union which includes community of interests in social, esthetic and intellectual values will be far more durable than one based merely on passion.

*Depth.* Mere duration is not sufficient ground for preferences. Depth and intensity are preferable to tepid permanence. "Better fifty years of Europe than a cycle of Cathay." There are deep

and intense values in which one lives richly and which remain as fragrant memories, though in actual experience they have been brief. " 'Tis better to have loved and lost than never to have loved at all." A deep love, a heroic deed, a glorious adventure, may pass; because the objects and the situations have gone; but they leave with us satisfying memories. In our lives it is not so much the even flow of life on the plains as it is the sudden and passing glories on the mountain tops, that count most.

There are flashes struck from midnights,  
 There are fire flames noondays kindle,  
 Whereby piled-up honors perish,  
 Whereby swollen ambitions dwindle,  
 While just this or that poor impulse,  
 Which for once had played unstified,  
 Seems the sole work of a life-time,  
 That away the rest have trifled <sup>1</sup>

*Fruitfulness.* Other things being equal, choose the more fruitful values. Lasting friendships and loves, intellectual and esthetic cultivation, work for social beneficence, are all far more *fruitful in further values* than acquiring wealth or social power, or getting one's name in the news. This principle of fruitfulness is what Bentham called "fecundity."

*Shareability.* Other things being equal, choose the more shareable values. In fact, the more durable and fruitful satisfactions are more shareable. There is no limit to the shareability of interest in public good, in education, in justice, intellectual comprehensions, and esthetic appreciations. In interpersonal relations, the most intelligent person is the most sympathetic. The cultivation of knowledge and esthetic appreciation of man and nature are the most widely shareable values.

One can share one's intellectual interests, one's esthetic and humanitarian interests with countless others, and one is enriched by the sharing. One cannot share one's food and drink or other sensuous gratifications nor even one's social position or money with others without losing them. On the other hand, the preferability of the more shareable values does not mean that, within the more shareable values or goods, one should always choose

<sup>1</sup> Browning, *Cristina*.



the particular goods that can be shared by the largest number. There is a conflict here between *depth* and *range* of appreciation. One should prefer higher social intellectual and esthetic values to merely sensuous goods and to the gratification of the desire for power and possession. But, within the intellectual and esthetic spheres, one is not called upon to give his attention chiefly to the more superficial and generally shareable goods. There is a conflict here between quantity and quality. The more elementary and superficial a work be in history, science or philosophy, the wider its appeal. One is not called upon, therefore, to devote his energies either to the production or spread only of things that cater to the most superficial and banal tastes and interests, intellectual and esthetic. Indeed, if one has any capacity for the production or distribution of intellectual ideas or forms of esthetic significance that do not make the widest appeal, one is called upon to choose these ideas and forms against the tide of approval and profit, which sets so strongly to-day in the direction of the trivial, superficial, commonplace, the cheap, and crude.

The esthetic feelings, in their finer and more abstract forms, are perhaps nearly as rare as intellectual interest. But, in the more concrete forms of architecture, sculpture, painting, and simple music, as well as natural scenery, they are quite widespread. Opportunity for their stimulation and nurture should be much more facilitated than at present. Esthetic interests give satisfying vehicles for agreeable, refreshing, and elevating emotions.

All persons who are not either imbeciles or moral monsters have strong interpersonal or social interests. Practically every one desires human companionship, recognition, esteem, comradeship, intimate friendship, and love. These interpersonal interests are the primary bases of morality, in the ordinary sense of the term. The principles of common morality—truth-telling, honesty, integrity, justice, mercy, love for one's family and neighbors, regard for humanity—are general rules to guide to satisfying and durable relationships between persons. There is also a *self-morality*, the core of which is *self-respect*, *reverence for one's own personality*. Inasmuch as the moral life has to do with the relations between persons, self-respect is as necessary to right social relations as right social relations are to self-respect.

An ethical regard for others, and respect for self, are two aspects of the same principle. I cannot treat others with respect and reverence and sympathy if I do not have, in regard to myself, reverence for integrity of personality.

I cannot really sympathize with the good and ill fortune, the joys and sorrows of other persons, unless I recognize them as being centers of personal values.

Sympathy has often been made the original source of morality, notably by Hume and Adam Smith. It is an essential aspect thereof, but it is not the whole thing. I cannot sympathize, feel with and for another, unless I regard him, as equally with myself, a *worthful* center of feeling, a being whose feelings and attitudes are to be respected. I cannot do this unless for me personality is the ultimate center of reference for all values, all goods. I cannot really feel the joys and sorrows of another. I can feel for and with him, only in so far as I think of him as a being whose feelings and attitudes are worth as much to him as mine to me.

*The Sovereign Principle.* For the organization of interests this is just the *principle of organization, harmony, or coherence*. As already pointed out, there are all sorts of conflicts within each level of interests and conflicts of one level with another; the conflicts vary with the nature of the individuals and with their social circumstances. No formula can be laid down for the resolution of these conflicts in any easy fashion. That depends, in the last analysis, on the wise judgment of the individual. But there is always the danger, when one's interest is urgent, of overlooking its relation to other enduring interests. The principle of harmony, or organization of the relationships of interests, takes account of the bearing of one value on other values. It can scarcely be doubted that, in the business of normal living, the happiest individuals are those whose interests are most fully integrated, most harmoniously organized. Again we must note that the individual is dependent to a large extent, for the possible organization of his interests, on a well-organized society. And, on the other hand, a well-organized society is one that contains the largest number of most harmonious personalities.

In general, the higher ranks of values are most easily harmonized one with another. Of course, conflicts may arise between

one's interest in knowledge or beauty or in one's friends and family, and concern for public good, for social honesty and justice. But these conflicts do not arise so frequently as conflicts between the higher ranks and the lower.

The sharpest conflicts arise between the more comprehensive social or cultural interests on the one hand, and the desire for money, power, or ease on the other hand.

The supreme principle for organization of human values, then, is that of *dynamic harmony*. By calling this harmony "dynamic" I mean that it is the active integration or organization of active capacities of the human self.

There is no formal and absolute principle for the organization and unification of values. Values are a plurality. How shall one choose between the claims of a friend, or a sweetheart, or a family, and the claims of wider groups such as one's vocational groups? Or between the latter and the claims of distant human beings? How shall a teacher strike a balance between superficial teaching to a large number, and thoroughness and depth? How shall a writer make the like choice? How shall one choose between satisfying one's esthetic interests, and science or scholarship? Or between scholarship and travel?

The principles enunciated can only be applied other things being equal. It comes down in the last analysis, to the question of the individual's judgment—to Aristotle's principle of the mean between two extremes *as the prudent man of moral tact would discern it*.

And yet, rightly, we pay high regard to those who in a great crisis for a cause for a friend, or for a love throw prudence to the wind. The prudent man is below the level of moral heroism, of generosity, of spending one's life for persons or causes.

The principle of coherence or harmony means that, if personality is to be fulfilled, there must be *integrity—wholeness*. A split personality does not realize values. The mental disease called schizophrenia is due (psychologically at least) to the failure of the individual to integrate his emotional life.

*Harmony and Tragedy*. I do not mean, by saying that dynamic or moving harmony is the supreme principle for the organization of values, that harmony is the absolute value. I mean that

the degree of happiness is the degree of harmony. For in the first place, harmony or satisfaction is only imperfectly achieved by man; consequently perfect happiness is probably never attained by a striving and keenly conscious being. And, in the second place, there may be tragic and unhealable conflicts between interests and values. Blind fate, or a tragic error, may introduce a schism into a person's satisfaction that can never be closed up. He may, and indeed must, if he is to go on, try to muffle the discord and stoically endure it in so far as it cannot be muffled. I regard *love* and *reverence for personality*, which are two aspects of the same principle, as the highest values. But the brutalities of life are often such that the destruction or wreck of the loved one brings unending sorrow. It may be that the spiritual life of the lover is thereby purified and ennobled, although I cannot see that it is. (In this connection, by "love" I do not mean sex love, but all forms of personal devotion.) Tragic defeat and sorrow are unsilenceable notes of human experience.

#### 4. VALUES AND DUTY

The ethical standpoint outlined in the previous sections is that the good life consists in the harmonious fulfilment of the normal human capacities or interests—that the values of life are the felt satisfactions that arise from this active fulfilment of interests. But many moralists have emphasized the conflict between *desires* or *inclinations*, and *duty*. They have asserted that the good life consists in conduct in harmony with a *moral law* or moral laws. The good life consists in doing one's duty, obeying the moral laws, whether this obedience be in conflict with one's interests or in harmony with them. Theologians have held that good is conformity to the revealed law of God—the ten commandments or the laws of conduct revealed by Christ or Mohammed. Now, of course, for those who believe that they can find in the revealed will of God a complete code for moral guidance this is final. It may be pointed out, however, (1) that there is no agreement as to what are the items of this revealed code, and (2) that, even among those who agree, it is found necessary to have considerable instruction, debate, and reflection, as to

how the accepted code is to be applied in all the complex variety of changing moral situations. The field of casuistry in cases of conscience is wide and not very clearly mapped out.

Independent moralists assert that conscience, the inner light, is an unerring guide and that conscience dictates unqualified obedience to the moral law which it lays down. The most famous modern exponent of this doctrine is Immanuel Kant. The ancient Stoics occupy a somewhat similar position. Kant says that only that kind of act is good without qualification that is done from reverence for the moral law. To do right because one enjoys doing it is not to be moral. Morality is a jewel that shines by its own light. *The commands of duty given by conscience, or practical reason, are absolute, categorical.* One must do right regardless of consequences. Let justice be done though the heavens should fall. Tell the truth no matter how painful or disastrous it may prove. An erring conscience is a chimera. If a man say that his conscience was in error, he is either lying or he is a moral imbecile. The commands of duty are universal. Act so that thou canst at the same time will that the principle of thy action should become a universal maxim. Is a man in dire distress and seeking a loan from a friend which he cannot otherwise get, when he feels no certainty that he can pay on the date specified, tempted to lie? Let him remember that, if he could will that all men under similar circumstances would be justified in so lying it would become useless, since no one would believe his fellows. Similarly, is a doctor prohibited from concealing from a patient almost at the point of death what he believes to be his condition, if the truth told will hasten his death? If a man standing at a crossroads sees first one man fleeing in terror take one fork, and then another man with a gun in his hand and murder in his eyes arrive at the crossroads, is the spectator to tell the potential murderer which fork the intended victim took? May one tell a lie to save a life? No, says Kant. It seems to me the answer is, yes! *Duty is not something independent of consequences.* If to do justice is to bring down the heavens, then either the act is not just, or the heavens are not worth holding up.

But there are duties which conflict with our desires and in-

clinations. Yes, of course. What then is the origin and what is the meaning of the sense of duty? *Duty is what we owe to others and to our own better natures. Duty must be specified in duties, in concrete obligations here and now, to have meaning.* Every one has duties as a member of a family, a citizen, as having a vocation and simply as being a human being. But to know what these duties are one must consider one's social station, one's actual human relations. These obligations may even come into mutual conflict. My obligations as a conscientious scholar and teacher may come into conflict with some law or edict prohibiting the promulgation of certain teachings—for example on evolution, the nature of man, or social reconstruction. I may injure my family financially by obeying my intellectual conscience.

The choice to be made between conflicting duties can be made only in terms of the relative values we assign to different goods or interests. There is no doubt, in my mind, that the sense of obligation is first developed in us by the duties laid on us by social groups—by the family, the State, the Church. We are always involved in social relations. We get goods from our fellows—nurture and protection, education and opportunity to share in the advantages of culture and thereby satisfy our interests, and enrich our lives. We owe returns. We must do our parts, attend to our own business in society.

The notion of a universal moral law or duty, as Kant conceives it, brings out a very important aspect of moral conduct. Since every individual is a center of value, an end in himself as an actual or potential subject of happiness or personal self-fulfilment (put it either way you like); since every one should count as one and no one as more than one, or, as Kant said, since every human being is an end in himself, we must be universal in our moral outlook. We are always faced by the insidious temptation to be partial to ourselves, to make exceptions and reservations in our own cases. When we do so we, in effect, deny that others have equal value as moral subjects. To universalize our motives and aims is to look at them impartially and objectively.

Moral conduct is concerned with two things: means and ends, instruments and ultimate goods or values. Most moral principles

or rules have to do with means, instruments. They are useful—their criterion is utility. To be industrious, coöperative, faithful in keeping contracts and paying debts; to do good work and produce honest goods; to avoid slander and ill will—these practices are socially useful. A society in which these principles are in good effect will cohere and flourish. But why need society cohere and flourish? Because in this way human personality grows. Every member of society, every individual, is a center of value because he is a unique center of feeling. The good of society is just the good of the persons who compose it. The ultimate values are in the feelings and activities of the individual persons. Respect for the individual persons as being centers of value is the supreme social-moral criterion. If I want my intuitions, my feelings of value, recognized and place given to them and, in effect, by my actions and attitudes would deny to some other persons the same privilege, I am inconsistent. I am contradicting my own attitude. I am immoral. The ultimate immorality, the sin against the Holy Spirit in man, is the refusal to other persons of the opportunity to realize worthy values.

The final principle is this: Every individual has his or her unique flavor of individuality, is his or her own personality. Each one, as a sentient subject, has equal right to consideration, respect, regard, and reverence. Every individual has inherent worth and dignity. That worth and dignity is to be respected and not interfered with, in so far as the individual does not attempt to ride roughshod over the individualities of other persons.

The only justification for restraint by force or social pressure is that the individual refuses to recognize the worth and sacredness of other persons.

The other side of the shield is that true individuality, rational and ethical personality, is the very antithesis of queerness, oddity, and exclusive selfishness. The ideal self is realized in proportion to the extent and depth of the individual's active interests in that which is beyond his actual achieved selfhood—through interest in other persons, in humanity and nature; through social contacts; through thoughtful, imaginative comprehensions of the lives of his fellows in the present and past; and through the contemplation of nature.

## 5. METAPHYSICS OF VALUES

It is beyond the scope of this work to discuss the *metaphysics of values*. I have already done so in *Man and the Cosmos* and in "The Principle of Individuality and Value" in *Contemporary Idealism in America*. I plan to publish a further work—*History, Personality, and Values*. Briefly, my standpoint is a personalistic realism. Values are objectively valid as the conditions without which personality cannot be realized. Personality has a valid objective structure. But values have no ghostly "subsistent," being as "essences" or "forms" apart from persons. If values have a cosmic ground, that ground must be personal, but without the defects of actual human personality.<sup>2</sup>

<sup>2</sup> See Appendix II.



## CHAPTER XX

### SOCIAL MORALITY

MORALITY, fundamentally, means a system of behavior binding on the individual as a member of the group, because the items of the code are necessary to the well-being, the survival, the good order, peace, prosperity of the group. The group may vary all the way from a patriarchal or matriarchal family to a great modern state; and in a universally humane ethics, such as that of primitive Christianity, Buddhism, Moham-medanism, or Confucian Ethics, to man as such.

And yet we say (rightly, I hold) that the highest type of moral culture, the most civilized type, is one in which the individual is free to judge and act as a reflective moral agent. This is the standpoint of "personal" or "reflective" morality, an advance beyond customary morality. We say that the significance of the prophetic and ethical literature in Judaism, of the Gospel of Jesus, and Paul, as of the great Greek ethics from Socrates on, or Buddhist ethics, is that they all recognize the personal and inward reflective basis of morality. The Lord looketh upon the heart. Out of the abundance of the heart the mouth speaketh. Blessed are the pure in heart. Woe unto you scribes and Pharisees. Ye cleanse the outside of the cup but within ye are full of uncleanness. Only the good will is good. Morality is a jewel that shines by its own light (Kant).

Is there then any purely individual morality? Does the individual owe it to himself not to waste his powers, or demean himself by making a beast of himself? Is it the individual's duty to cultivate his powers beyond what is necessary for him to discharge his social functions? For example, it is clearly my duty, as a teacher of philosophy, to make myself as competent as possible in that field; but is it *my duty* to cultivate, as an avocation, any special artistic gifts that I may have? It might be

said that, if I do so, I will be a more agreeable member of society. Well, that depends upon the persons with whom I am associated. Moreover, must I always be considering how to make myself more agreeable, as well as more useful?

I answer these questions thus: If the individual has value in himself, and is not a mere social cog, then it is the individual's duty to make the most of his capacities, within the limits set by his actual social obligations. He owes himself self-respect.

*Ethical values are not all included in the actual social morality. For ethical values include all the values that appertain to the dignity of personality.* There is a self-sufficing value in the full development of any intellectual or esthetic capacity, since all these powers enrich the personality; and *personality*, deep, many-sided, harmonious, and vigorous, is the one actuality that has inherent worth and dignity in our world. The ideal of personality is that of self-determining intelligent individuality, able to judge between the values of the various interests of life with respect to their worth in terms of depth, purity, strength, duration, and extent, and able to follow the better judgment. *Personality is a social concept.* A good society is a society whose members are all progressing in the realization of personality. From this point of view it is clear that the *sense of duty*, the *feeling of obligation*, to choose and cleave to the right or good, is just another way of putting the supremacy of the ideal of personality. The possession of the mind and will by duty is the rule of the ideal of personality. The universality of duty is the universality of personality, as being that alone which has inherent value in our human striving, since it is the achiever and enjoyer of all values. Duty is not obedience to a law imposed upon us from without, whether by man or God. Duty is dedication of the will to the realization of the values of personality in all men. Man, as an ethical being, is autonomous. There is, for an individual capable of moral reflection, no merely formal law of duty, standing over against an ethics of goods or valued consequences. The distinction between an *ethics of duty* and an *ethics of goods or values* is a distinction of aspects *within the one ethical totality—personality*. Moral obligations or duties express the social conditions of the achievement of the paramount value

of personality. The ultimate good is personality, and the moral laws or duties are the obligations incumbent on persons to further personality in all. Duty means that, since *all* persons are the bearers of values, we ought to further the realization of values in all persons; that we must be objective and impartial in our moral acts and attitudes.

There are two extreme positions, both of which are wrong. These are:

1. A collectivism, which denies to the individual any value whatsoever, except as a social instrument. The individual's feelings and intellectual and executive powers are wholly submerged in his functions as a social tool. Plato in *The Laws* seems to take this attitude. It is the attitude embodied in the philosophical theory of the Totalitarian State of Fascism and Nazism.

In extreme Communism the individual's interests and ends are wholly subordinated to the interests and good of the whole group, but the Communists claim this to be a subordination of a narrow and unsocial individualism to a universal all-inclusive opportunity for the fulfilment of individuality. Certainly, the complete subordination of the individual's judgment to the supposed good of the whole can not result in the realization, even in a moderate degree, of individual personality by all the members of the whole. When the individual is denied freedom of criticism of actual social policies, freedom to agitate to change the policies or the personnel in charge of their execution; when the individual has little or no choice as to his occupation; when those who do not agree with the prevailing policies or personnel are driven out or starved or executed, then the good of the whole is identified with whatever the particular oligarchy or dictatorship in control thinks is for the good of the whole. There are no men wise enough, even if disinterested enough, to decide what every one should be taught to think, say, and do, and should actually think, say, and do. Lincoln's saying: "No man is fitted to have absolute power over any other man" is profoundly true. "Power is poison and absolute power is absolute poison" (Lord Acton). The measure of civilized morality in a society is the respect it pays to rational individuality, the freedom it allows for the development and play of personality.

2. The opposite extreme is out-and-out anarchism, or "rugged individualism." Ethical individualism does not mean "rugged individualism." The roots of individuality reside in the fact that each and every human being is a distinct private and unique center of feeling, thought, and dynamic impulse. Even if all individuals had, in the same degree, the same impulses, capacities, and tendencies in feeling and thought, each would still be unique by virtue of being this private center of feeling, thought, and volition. *For the root fact is that only individuals feel and think.* The more action is the result of mass or mob feeling, the more stupid, brutal, and dangerous it is. Every worthwhile contribution to social welfare springs originally from one or a few individuals. It is, of course, true that *what* specifically the individual can do or become depends on the social heritage of culture. We are all, as Hegel put it, suckled at the breast of the common ethos, the cultural system of our time and country. Or, as T. H. Green said, it takes a society to develop a man's conscience.

There is precious little originality in the most original among us, almost none among most of us. Nevertheless, the ways in which we do our jobs, stick to our posts, do honest work, depend on our individualities. Each one of us has his own private flavor of existence, feels separately the sting and sweetness, pangs and joys of living. The heart knoweth its own bitterness and its own rejoicing as doth no other heart. On the other hand, personality is social, inasmuch as the newborn babe, the potential person, only becomes an actual person through the stimuli and patterns applied by the whole heritage of social culture transmitted to him through rearing, education, example, companionship, from his cradle to his dotage.

The severest criticism to be made on our present social order is that it is not individualistic enough; in the sense that, by the maldistribution of economic and cultural opportunity, it shuts out many individuals from the opportunities to realize personality. The ethical basis of democracy, and the innermost meaning of democracy, is that *every human individual is a center of value*; has a dignity of his own; therefore, society should be so ordered that no individual will be shut out from the opportunity to become a person. To become a person means to develop

and exercise, as freely and harmoniously as possible, all the normal capacities of humanity.

Specifically this means: (1) That every individual shall have at his disposal the means of as healthy a physical life as his inherited physique admits of; furthermore, that all the knowledge and means for the production of healthy offspring shall be at the disposal of every prospective parent. (2) That every individual shall have at his disposal the instruments for the education of his emotions and his intellect. A human character is the organization, into an integral dynamic harmony, of the emotional dispositions and mental powers. By "mental powers" is meant herein the capacities to observe, imagine, reflect, and generalize, that the individual is born with. Right education requires that the plastic individual be stimulated not merely to observe and think correctly; it implies, even more, that his emotions and dynamic impulses be stimulated and directed by worthy objects presented not only to his senses but to his imagination. Among the chief causes of moral disorder and crime to-day are the unworthy, crudely sensuous, and positively vicious objects presented to the imaginations of children and adolescents by slum conditions with their education in vice, the daily news headlines of crime, the sexy and crime-glorifying movies, magazines, and books. And all this is done because the proprietors of newspapers, magazines, and films think that they can make more money by pandering to the lowest appetites and the lowest grades of intelligence. (3) That every individual shall have the opportunity to earn a decent livelihood, by fulfilling some worthwhile function in the social economy. (4) That there shall be available to every individual opportunity for physically, mentally, and morally healthful recreation, through play, art and literature. Actually our social order does not at present offer these opportunities.

Personality is developed only through assimilation of the social heritage of work and culture. I do not separate work and culture. Actually they are divorced in our society, which has made pecuniary profit and power the chief mainsprings of human activity. We have divorced work from culture, and done it solely for profit. Notwithstanding our universal common school system, the leisure time and the surplus earnings, both of capitalists

and wage earners, are spent largely in crude forms of recreation—attending ball games, listening to jazz, the crudest humor, and talking films—when they are not spent in worse ways.

It may be said that there are many individuals without the native capacity to become persons; that they are deficient in native intelligence and capacity for refined feelings; that all they are fit for is to be drudges doing the heavy and monotonous manual and simple mechanical tasks that should fall to human animals; and that, for so doing, they deserve only sufficient food and shelter to enable them to continue at such tasks.

In effect, though glossed over with such fine words as "liberty for the individual," this is the underlying philosophy of economic individualism.

It is assumed that the actual distribution of economic and social wealth and power, under a régime of free competitive struggle for profits results in the rewards going to those worthy of them, because able to profit by them; and the failures to the unfit, the stupid, and the lazy. Just as in a certain type of religious orthodoxy, it is assumed that worldly prosperity is a sign of God's favor, and adversity a sign that the sufferer has done wrong (the book of Job deals magnificently with this theme); so it is assumed, in the philosophy of *laissez-faire*, that successful selfishness and greed produce the happiest social results; the vigorous, intelligent, and diligent, who should, and do, become top dogs, and the under dogs, who were fated from birth to be under dogs, stay where they belong.

If the ruling standard of judgment for social morality be that virtue is to be measured by economic wealth and power, the *laissez-faire* philosophy is right. If what is common to all individuals, namely, that each and every one is a center of feeling and thought, whose interests and thoughts are of value since they constitute that individual—in short, if the possession of a *common human nature* is the true basis of moral value, then *laissez-faire* is wrong; then it is only another one of the egregious methods of exploitation that have been foisted on human nature by a combination of historic circumstances with the energy and cunning of a small minority of men, such as are always lying in wait to take their fellows at a disadvantage.

The philosophy of ruthless competitive individualism can not be refuted by arguing with those in possession of the economic power. It can only be refuted by successfully persuading the majority that they are being exploited. If the majority can not be persuaded to take measures to release opportunity so that all may realize personality, then the rugged individualists are right. The proof of the pudding is in the eating. The solution of the problem of the basic standard of social morality is in doing.

I remind the reader that the higher religions and the noblest sages have taught that the basis of social morality is active recognition that every human individual is a center of inherent value and that everything else should be tributary to this recognition.

The great Hebrew prophets from Amos and the first Isaiah to Micah insist that the service of God, who is merciful and loving, requires justice, mercy, and loving kindness towards the widow, the fatherless, the sick and the stranger. "What doth the Lord require of thee, O Man, but to deal justly and to love mercy and to walk humbly with thy God." (Micah.)

The gospel of Jesus makes active love of one's neighbor, fellowship, ministration to other's needs, the basic principles of life in the realm of God. He that seeketh his life shall lose it and he that loseth his life shall find it. Let him that will be greatest among you be servant of all, for the Son of Man came not to be ministered unto but to minister. Paul's great hymn to love reads: "If I speak with the tongues of men and of angels, but have not love, I am become as a sounding brass or a tinkling cymbal. . . . And if I bestow all my goods to feed the poor, and if I give my body to be burned, and have not love, it profiteth me nothing. Love never faileth."<sup>1</sup>

"Beloved, let us love one another, for love is of God, and every one that loveth is begotten of God, and knoweth God. . . . If any man say I love God, and hateth his brother, he is a liar, for he that loveth not his brother whom he hath seen, how can he love God whom he hath not seen." (I John IV, 7, 20.)

Plato says that the purpose of the true state or organized

<sup>1</sup> I Corinthians XIII, 1, 3, 8.

society should be not to make any individual happy by himself but to make all as happy as possible.

The Stoics emphasized love of man, *philanthropia*, as the supreme virtue. We are made for coöperation, like hands, like feet and the ruling part (reason) within us. The city of reason is the city of God and this is the empire of humanity. Buddhism embodies the same principle. One finds it in the Confucian conception of reciprocity.

My recognition of another self, as an individual person, a private and unique center of feeling, thought, and action, is a constructive act of sympathetic imagination. I feel my own impulses, interests, desires and aversions, pleasures and pains, joys and sorrows, thoughts and aims, immediately. I do not infer them. I do not feel those of any other person immediately. I perceive movements, bodily gestures of the limbs, countenances, vocal organs, and entire bodies of other living beings. These expressions I take to be the utterances of other centers of feeling analogous to my inner or psychical self. Only in so far as I, in *sympathetic imagination*, construct within my mind a picture of that other self, that alter-ego, as feeling, thinking, suffering, enjoying, purposing, just so far is there to me a real self there. In so far as I fail to make this imaginative construction there is no other self there for me. In making the sympathetic construction, I am assuming a basic sameness of sentient, intellectual, and purposive nature there. Recognition of the reality of other selves, then, presupposes a sameness of quality of persons and takes place only through acts of sympathetic imagination, by which one puts one's self in the other one's place; that is, imaginatively within his body. And wherever we fail to do this, we fail to treat others as being really persons. The primary source of indifference, neglect, injustice, cruelty, violence, is just this *failure of sympathetic imagination*; the failure to recognize other persons as being really and truly as much centers of feeling, thought, and purpose as we are. We thus, in effect, deny that the other person is fed with the same food, hurt with the same weapons, subject to the same diseases, warmed and cooled by the same summer and winter, and that he has the same organs, dimensions, senses, affections, passions, as ourselves.



This is the meaning of love of one's neighbor as the great social bond. There can be no love without sympathetic imagination—they are in essence the same thing. The poet Shelley has said this in finer words than mine. He says: "The great secret of morals is love; or a going-out of our nature, and an identification of ourselves with the beautiful which exists in thought, action, or person not our own. A man, to be greatly good, must imagine intensely and comprehensively; he must put himself in the place of another and of many others; the pains and pleasures of his species must become his own. The great instrument of moral good is the imagination."<sup>2</sup>

We must distinguish between mere emotional response and sympathetic insight, or what Jesus, Paul, and John call *love*. A mother may so respond, without thought, to her child's demands as to coddle and spoil the child. Family love may indiscriminately further selfish instinct. A philanthropic individual may so respond to every appeal for aid, as to promote dishonest begging and to pauperize others, helping them to lose whatever little self-respect they may have had. One may be so thoughtlessly sympathetic as to unduly coddle criminals. One may forget one's self-control, and let a mob or partisan or crowd emotion run away with one's better judgment.

Genuine ethical sympathy requires that the native feeling be guided by reflective insight. *It is based on respect for the ideal self in the other.* It is sympathy directed by the aim of assisting the other self to build up or recover his moral personality, as a center of self-control based on self-respect and respect for others—the ideal of himself as a cooperating member in a community of persons alike in being free, self-respecting, and others-regarding persons. The final principle is this: Every individual has his or her unique flavor of individuality, is his own personality. Each one, as a sentient subject, has equal right to consideration, respect, regard, and reverence. Every individual has inherent worth and dignity. That worth and dignity is to be respected and not interfered with, in so far as the individual does not attempt to ride roughshod over the individualities of other persons.

<sup>2</sup> See Appendices I and II.

The only moral justification for restraint by force or pressure is that the individual refuses to recognize the worth and sacredness of other persons.

The other side of the shield is that true individuality, rational and ethical personality, is the very antithesis of queerness, oddity and exclusive selfishness. The ideal self is realized in proportion to the extent and depth of the individual's active interests in that which is beyond his actual achieved selfhood, through interest in other persons, in humanity and nature; through social contacts, through thoughtful imaginative comprehensions of the lives of his fellows in the present and past, and through the contemplation of nature.

If I am asked by an advocate of aristocracy, why, in view of the marked differences in emotional, as well as in physical and intellectual capacity among human beings, every one should count for one and no one for more than one, why every one should be treated as an end in himself—my answer is that every one is a distinct and private center of feeling and thought and that his feelings and entire personality are as valuable to him as yours are to you, Sir Aristocrat! A man's a man for a' that and for a' that. He whose own life is without intrinsic value cannot recognize intrinsic value in another. He cannot really sacrifice *himself* because he does not value himself. He can only prostrate himself. Persons are the only instances of self-dependent existences.<sup>3</sup>

Love is a spontaneous act of a genuine character. Love for persons is a specific kind of love. We can love beauty, truth, and art. Love for a person is quite different. *Love for a person means the recognition, in feeling, of the intrinsic value of personality in that individual.* We must recognize the worth of the other self. Love is the condition of ethical sympathy.

Sympathy for others and recognition of their worth are two facets of the same principle. Sympathy is not possible without respect for personality. If one does not recognize that others are truly human one will not make the effort. The relation between sympathy and respect for others, then, is reciprocal. The recog-

<sup>3</sup> Max F. Scheler, *Vom Wesen und Formen der Sympathie* (Second Edition), pp. 43ff.

nition of the *value* of other personalities as equally human centers of feeling leads to sympathetic attitudes. The sympathetic attitude practiced leads to an appreciation of personality.

#### FEELING AND REASON

Moral philosophers, notably the Stoics and Kant, have attempted to found morality on reason. The Stoics held that it is the common possession of reason that makes men alike and society possible. The differences of color, social status, and even education do not count in comparison with the common possession of reason. So they taught equality and cosmopolitanism. But they had to admit that men vary greatly in their powers of reason. In fact, the wise man is the exception; most men are fools. While Stoicism did promote the recognition of universal human rights and the brotherhood of man, it was rather hard and cold. Kant and Fichte are noted modern exponents of ethical rationalism. Another is Spinoza; Cudworth, More, Clarke, Wollaston, and Price were English exponents of rationalism.

Kant bases his principle of moral action solely on maxims or motives that one could will to be universally followed, on *reason*. All men are rational moral agents—all have the consciousness of duty—and one must therefore treat every one as an end in himself, as a center of intrinsic worth. The latter is a noble and sound principle. But it does not follow from the nature of reason. For, just as some men have very little rationality, so some seem to be almost or even wholly lacking in the sense of duty. Why should my moral reason tell me to treat an irrational individual, or one who prostitutes his reason to dishonest, libertine, or oppressive practices, as being an end in himself? I am only justified in so treating him because my sympathetic imagination leads me to feel that perhaps, after all, there is a hidden spark of goodness in him, which evil circumstances have almost but not quite extinguished.

Unless I can feel, through sympathetic imagination, the basic common humanity, however hidden, choked down, or wrenched awry, it may be, in another person, I cannot really regard him as a subject of moral consideration.

Reason has a very great rôle to play in clarifying and organizing our humane feelings and impulses and in directing them in effective channels. But reason does not supply either the original attitude or the motive power. The only basis of social morality (and of all morality, for that matter) is feeling enkindled and illuminated by sympathetic imagination. I recognize another individual to be an object of my respect and coöperation and aid because I feel that he is a human being no less than myself. Love is the fulfilling of the law. Without love the law is powerless and blind, or heartless and cruel. There is no alternative basis for social morality to the feeling of the worth of our common humanity in the midst of all its tragic errors, its blind fury and foolishness. The only alternative is a non-moral calculating egotism. The greatest ethical influences, after all, have been such men as Jesus, Buddha, their followers, and others—whose deepest passion was a profound compassion.

The growth of humanitarian feeling is the deepest and most significant feature of human progress. This is illustrated, too, in the treatment of animals. We regard the infliction of unnecessary pain on animals as immoral because we recognize that they too are centers of feeling. A Descartes who regarded all animals as machines would not be troubled with these scruples. But we feel that the behavior of animals belies that thesis. I know mechanistic biologists and psychologists who are dog-lovers. To any dog-lover the proposition that his companion has no feelings that should be considered is both absurd and monstrous.

## CHAPTER XXI

### DEMOCRATIC PERSONALISM

**T**HE ETHICAL STANDARD by which we judge the value of any social order is this: How far does it minister to the harmonious realization of the basic human capacities and interests of all its members? How far does it remove hindrances in the way of the fulfilment of individual personality? How far does it afford positive opportunity for all individuals to realize their possibilities as persons? This is the democratic ethical standard. All normal human individuals are constituted of the same dynamic capacities, the same psychophysical and spiritual impulses or interests. Every one seeks to preserve and develop his being. Every one seeks health and self-expression. Every one desires recognition, comradeship, friendship. Every one desires a mate and offspring. Every one has some impulse to know. Every one has, in some direction, a sense of beauty. Every one has play impulses. And every one has some feeling of man's dependence on the mysterious cosmos, some sense of awe in the presence of the mysteries of birth and death, some feeling of reverence for the universe in which he is a conscious mote dancing in the cosmic sunbeams and whisked hither and yon by its storms.

It is in the harmonious fulfilment of his physical, sensuous, interpersonal, emotional, and intellectual and spiritual powers, that the fullest good and happiness for man lies. The differences between the inborn individualities of human beings consist in the relative degrees of strength of these inherited dynamic impulses, which are the raw materials of personality. The ways in which they are fulfilled or thwarted depend, in varying measure, on the nature, strength, and persistent courage of the individual, in interplay with his special environment. The democratic ethical standard requires that society shall, in its legal, political, eco-

nomie, educational, and cultural activities be so planned and directed that no human being shall be shut out from a fair opportunity for the realization of his individuality

We do not know just when personality began to emerge into conscious recognition in the history of human culture. Professor Breasted thinks it was recognized in ancient Egypt.<sup>1</sup> However, the beginning of its clear recognition was in ancient Greece. It was discovered and proclaimed by the Sophists but most adequately by Socrates, Plato and Aristotle. Socrates' teaching on the necessity of reflective insight as the condition of the health and harmony of the soul was carried further by Plato.

The good life, for Plato, consists in the harmonious fulfilment of the powers of the Soul. The Soul Plato held to be the principle of life and movement, not only in man but in the universe. Aristotle carried out the same idea. They both conceived the political State to be an organized instrument to further the good life in its members. The Stoics made a cosmopolitan extension of this idea. They conceived the Great City, the Empire of Reason, to be the entire world of humanity. Then came Jesus and his disciples, with their emphasis on the absolute value of the human personality, as being the offspring of the Divine Personality. Through the happy fusion of Greek thought and Christian faith was born the principle that *every soul has inherent value*. The human individual was discovered. The Church was organized to uplift and redeem the individual soul of personality, which was held to be immortal. By the Renaissance the nature of personality was secularized.

Through all the devious ups and downs of Western culture runs this central thread—the *deepening of the meaning of human personality and the extension of the application of personality as realizer and carrier of all human values in all individuals*. History moves by irregular zigzag steps. Humanity does not go straight towards its goal. Medieval society, under the ægis of the Church, was organized to realize personality; but the principle of social authority became too strong and corrupt. It was necessary for the growth of personality that the authority should be broken down. Since the Renaissance and the Reformation,

<sup>1</sup> J. H. Breasted, *The Dawn of Conscience*, 1933.

Western culture has moved in the direction of a socially unbridled individualism which, by reason of overemphasis of the economic motive, has given rein to all its powers of selfish greed and the lust for power, and so defeated the purpose of individual freedom.

Western civilization, having learned to control nature for the satisfaction of human interests, must learn over again the necessity of social control of the immense powers which it has gained, in order that opportunity for the fulfilment of the basic interests which make up personality may be accessible to all.

In trying to do this one must keep in mind always that the goal is the harmonious fulfilment, in all individuals, of the psychophysical and spiritual powers—the realization of personality. This is the *higher individualism*, or, as I would rather say, *personalism*. The standard is the *realization of personality in a community*, in which each individual contributes his bit for the advancement of the life of the entire community. It is not the sacrifice of the individual to the idea of the community. For the real community consists of coöperating individuals. Only through coöperation can personality be realized. There is a social solidarity, a mutuality of action and life, a give-and-take in which alone personality can be realized.

There is great danger that the individual spirit shall be submerged, through the vastness and complexity of the machinery of present-day life. For example, the workman in a factory expresses very little of his individuality in his work; oftentimes practically nothing of it. The machinery does it all. In his hours of recreation he can be passively entertained by machines—the movie and the radio. The organs of opinion and propaganda—newspaper and radio—become more and more machinelike. What a man wears is made by machinery. He even buys his food at chain stores, much of it ready to eat. The cities have grown apace. We have mass movements, crowds, mobs. Education has become largely mass education. *This is cheaper than individual education*. It is because women can be had cheaper than men that most boys are taught by women. Most women who teach have no intention of remaining teachers all their lives. For the time being they will work for less than men.

The majority of Americans are not dishonest, nor consumed by an overmastering greed. They are hard-working, honest, devoted to their families, and interested in their friends. They are simply inert, dumb, and powerless in the presence of the cunning machinations and colossal power of those who manipulate inventions, scientific discoveries, finance, law, politics, and government to satisfy their own greed for wealth and power. The majority appear to be concerned, when they are getting on fairly well, only with more material prosperity for their families and themselves, more comforts and means of enjoyment and social and cultural advancement for their wives and families.

### 1. MASS PRODUCTION AND INDIVIDUALITY

What, then, more specifically are the bearings of mass production and standardization, which seem more and more to pervade our economic and cultural life, on the development of spiritual individuality or personality?

*Individuality.* True individuality is not freakishness or oddity. It is not just being different from one's fellows, though differences are often quite as important as samenesses in the members of the community. The habitual criminal, the misanthrope, the hermit, the insane individual, are not true persons. Even the misanthrope is social. The bottom would fall out of his selfhood, if he were absolutely alone, with none of his fellows left to hate. His occupation would be gone. The misogynist's occupation would be gone if there were no women left in the world. Even the hermit, who turns his back on his fellow men, because of his unfortunate experiences, carries some social relations with him into the solitudes.

*Sociality of Man.* The fact is that all human beings are inevitably and inextricably social. Although they may not get on very well with their fellows, they cannot get on without them. The individual develops his personality only in the give and take of social relations. His very consciousness of self, his self-respect, his self-forgetfulness, his pride, his humility, are all socially conditioned.

*Individual and Social Ends.* Since, in every case, the indi-



vidual, as a social being, is one who realizes and enjoys his individuality only with reference to his fellows; and since an actual community always consists of individuals living in certain relations, it is nonsense to attempt to conceive a society in which the interests and activities of individuals are entirely subordinate to group ends. For what does one mean by social ends or purposes? Simply those ends or purposes which individuals can will together and, by coöperative effort, realize together. And those common purposes are always actually enjoyed by individuals; since only individuals think, will, and feel.

*Good and Bad Individualism.* The true distinction, with reference to social ends, is between a *good* and a *bad individualism*. A bad individualism is one in which many or some individuals are not respected and treated as having any inherent worth; but are used merely as *tools* to serve the special interests of other individuals. The good individualism is one in which *all* the members of society are given equal opportunities to realize and enjoy their various capacities and aptitudes. This is the difference between oligarchic and democratic individualism. Democracy, as a social ideal, simply means that every one shall have a fair chance. And the prime condition of a fair chance is equalization of educational opportunities.

*Distinctions and Inequality.* On the other hand, equalization of opportunity does not mean the obliteration of distinctions, the filing down of differences between individuals. Individuals are born, not only different in the sense of having various combinations of capacities and aptitudes; they are born *unequal*, with respect to the same capacities and aptitudes. Until we have learned to standardize the production of babies, as we now do automobile parts, this will continue to be so. That is, in all probability, so long as the human race endures. It is just as well that it is so. Human life would lose most of its interest if all human beings were alike. Nature seems to have been aiming, if she has been aiming at all, throughout the evolutionary process, at the production of the greatest possible development of various individualities. Certainly the scale on which we measure evolution is individuality. What we mean by "lower" is an organism possessing less initiative, less varied power of inventive adapta-

tion to, and control of, the environment. What we mean by "higher" is an organism possessing greater wealth of impulse, activity, adaptiveness, initiative, inventiveness, capacity to control its environment and to build up a life of its own.

## 2. MASS PRODUCTION AND PERSONALITY

*Individuality and Personality.* The words "individuality" and "personality" are used in several senses. Let us take "individuality" as an ethical ideal, to express the full and harmonious exercise of the normal powers or the satisfaction of the normal interests of each individual. Any interest is normal if its satisfaction does not destroy the harmony of the individual's deepest interests, nor injure the like interests of other individuals. The individual is a dynamic system, a growing organization of interests. Let us take "personality" to express the principle that true individuality can be achieved and lived only in a community of individuals who are like-minded, in that all share in the common purpose of realizing their full individualism, as coöperating members of the community. Then we may say that personality means individuality that is loyal to its social obligations. Then we may describe the ideal as socialized individuality or personality.

*Individuality and Society.* The social progress of man is the condition of individual development. But, just as truly, the social progress of man is the work of creative and coöperative individual minds. *The entire life of civilization is the expression and self-realization of personality in the making.* It is not something handed ready-made to man by nature or God. *It is man's creation.* In the continuous making and remaking of cultures (technics, arts, morals, laws, political systems, sciences, religions, and philosophies), the human spirit is ever creating itself, through creating and recreating the conditions and modes of its own self-realization.

*Nurture of Creative Spirit.* The true leaders of the race in the march of culture are those in whom this *creative spiritual urge* is strongest. But, in order that social creativeness may continue and increase, the mass, the average men and women, must become intelligently sensitive and creatively responsive to the work

of the leaders. A civilization which should be organized to give free scope to leaders, while keeping the mass sodden, ignorant, and unresponsive, would never get anywhere. It would be headed for disaster. A civilization which, in raising the average, would repress the creative spirit of the exceptionally well-endowed would never advance. It would retrograde and fall to pieces of its own inertia. In fact, the average can be raised only when there is full scope for the adventurous and originative pioneers in culture. The more we liberate creative capacity to lead, and to respond to leadership, the more we advance. The promise of democracy lies just here. It follows that the indispensable condition of communal progress, and of individual well-being through communal progress, is the effective offering to all the children of all the opportunity in nurture and incitement to creative self-development, that the most widely diffused and highest powered education can give. Without *creative leadership*—no progress. Equally, without *creative responsiveness*—no progress. Human beings are born various and unequal in their capacities. Let full scope be given, that the variety and inequality of powers shall all find realization; so far as this is consistent with the social stability without which education cannot be carried forward at all; and society will progress in the increase of rich, full-bodied, harmonious, and dynamic personalities.

*Social Service and Personality.* There is a good deal of cant connected with the emphasis on social service as an ethical ideal. It is true that the good individual is always one who serves society, but the ways in which individuals serve their fellows are multifarious. The individual who develops, to the highest degree possible, his specific capacities is the type of individual who is able to render the rarest and most valuable service to his fellows. If we take individuality in the true sense, as involving the subordination of man's lower or sensuous nature to his mental capacities, the instrumentation of the biological urges to the spiritual, there is no opposition between distinctive individuality and high service of society. Indeed, only those who develop their individualities to a high degree can render signal services to society.

There is a lower individualism and a higher individualism

or personalism. The lower individualism is that of the person who lives as a self-regarding animal, which is a shortsighted selfishness. The higher individualism, the higher selfishness, if you like, is that of the person who controls his lower nature, who denies himself, who renounces some of the goods that satisfy the appetites of the human animal, in order that he may develop his mental and spiritual powers to their fullest. The cultural life of human society can only be carried on and enriched through the development and activity in it of many well-trained, high-powered individuals. The flourishing of the higher individualism is the indispensable condition of social progress.

*Mass Production.* To-day we are living in the midst of one of the most momentous transformations that has ever occurred in human society. Mass production and distribution, through machinery and organization, is the most striking characteristic of our civilization. It began with the steam-engine and was applied first to production and distribution of material goods. It has gone forward to embrace the distribution of news, amusements, propaganda, art, knowledge. It is surely a significant juncture that the development of mass production has coincided with the movement towards democracy in government and education. The development of mass production and distribution facilitates, and is facilitated by, the increase of economic and cultural opportunity for the masses. The democratization of the fruits of the machine, from bathtubs and autos to the dramatic arts and education, means increasing standardization, not only in the physical things we use, but in our mentality. "The individual withers and the world is more and more." The herd mind seems ever more pervasive and dominant.

The process of transformation to mass production and distribution has taken place more rapidly in the United States than anywhere else for several reasons:

1. The presence of a large and energetic population, but little hampered by long-established customs, a people in the pioneering stage, and with but thin cakes of inherited customs to break through.

2. The open field and the enormous natural resources at our disposal. We have had plenty of elbow room. We have been free

from the closely packed conditions of European and Asiatic life, while the heritage of European culture was ours to use and develop.

3. Our political and social democracy. Foreigners and Americans often comment on our lack of individuality, spiritual freedom, and our poverty in spiritual creativeness. André Siegfried, a penetrating French critic, says American civilization is being "fordized." The fundamental principle of "fordization" is the entire subordination of the individual to standardized mass production. He writes of us thus:

America has exchanged liberty for prosperity.

In America, the dominant force that is threatening to carry everything before it—Protestant, Catholic, and Jew—is the obsession for tangible and material accomplishment...<sup>2</sup> In its pursuit of wealth and power, America has abandoned the idea of liberty to follow that of prosperity...<sup>3</sup> The mysticism of success is perhaps their genuine religion and with it is combined a somewhat guileless optimism...<sup>4</sup> It is a strictly utilitarian outlook, but it satisfies the naive idealism of the nation. It has been personified in the immortal Babbitt, the rotarian, who believed with all his soul that he was saving humanity by lining his pockets with comfortable dollars.<sup>5</sup>

Siegfried then proceeds to the conclusion that American civilization is not a further development of European civilization, but a new civilization, marked by standardization of the means of material comfort.

*Mass Production and Personality.* Does mass production, or mechanism in social life, necessarily imply the suppression of personality? I question it. I do not wholly agree with Siegfried. I think the trouble is not standardization in itself, but *too low standards*.

Spiritual arrest and fixation is not the inevitable result of machine technic. It seems to have existed in the farther Orient for many centuries. It obtained in the Inca civilization of Peru a remarkable form of Socialism based on autocracy. It obtained in Europe before the advent of mass production. Indeed, the very

<sup>2</sup> André Siegfried, *America Comes of Age*, p. 53.

<sup>3</sup> *Ibid.*, p. 69.

<sup>4</sup> *Ibid.*, p. 45.

<sup>5</sup> *Ibid.*, p. 45.

fluidity of machine production seems to generate an uncritical and undirected hospitality to ceaseless change, an attitude which, so far from resulting in mental fixation, makes against it and for an anarchic flux emanating from mass suggestion. The roots of mental standardization lie in the natural gregariousness, suggestibility, imitativeness of man and in the social needs of man's customs and coöperation.

As civilization becomes more complex, the need for the emphasis on individual responsibility to master the machine becomes more urgent. It is possible that our civilization may collapse, because of its increasing complexity and our inability to develop a sufficient proportion of individuals with initiative, insight, and farsightedness able to control our social machinery. Spengler thinks this is actually happening.

*Tendencies Towards the Mass Mind.* There are strong tendencies working for the submergence of the individual in the machinelike mass. On the other hand, the machine, kept in its place as an instrument for human ends, means a tremendous liberation of human power and opportunity for the realization of spiritual values. As machine civilization becomes more complex, the more urgent becomes the need for an education or culture which will aim at the development of independent personality. How can education accomplish these ends? It must be directed so that the individual shall become the active agent in his own self-development. We have leaned too heavily on educational organization, machinery, routine; too much on textbooks, recitations, records, credit hours.

Emerson summed up the whole matter:

The one thing in the world of value is the active soul. This every man is entitled to; thus every man contains within him, although, in almost all men, obstructed, and as yet unborn. . . . One must be an inventor to read well. As the proverb says, "He that would bring home the wealth of the Indies, must carry out the wealth of the Indies." There is then creative reading, as well as creative writing. When the mind is braced by labor and invention, the page of whatever book read becomes luminous with manifold allusions. . . . In self-trust all the virtues are comprehended. Thinking is the function. Living is the functionary. The stream retreats to its source. A great soul will be strong to live, as well as to think. . . . The preamble of thought,

the transition through which it passes from the unconscious to the conscious, is action. Only so much do I know, as I have lived. . . . So much only of life as I know by experience, so much of the wilderness have I vanquished and planted, or so far have I extended my being, my dominion. The main enterprise of the world for splendor, for extent, is the up-building of a man.<sup>6</sup>

Culture, for Emerson, is the means by which a man is liberated from his narrow self-centered egotism. Individuality is the basis of culture:

Every valuable nature is there in its right, and the student we speak to must have a mother wit invincible by his culture, which uses all books, arts, facilities, and elegancies of intercourse, but is never subdued and lost in them. He only is a well-made man who has a good determination. And the end of culture is not to destroy this, God forbid! but to train away all impediment and mixture, and leave nothing but pure power. . . . Culture is the suggestion from certain best thoughts, that a man has a range of affinities, through which he can modulate the violence of any master tones that have a droning preponderance in his scale, and succor him against himself. Culture redresses his balance, puts him among his equals and superiors, revives the delicious sense of sympathy, and warns him of the dangers of solitude and repulsion.<sup>7</sup>

*Machinery Will Not Produce Individual Personalities.* We need, as a people, to learn that there is no substitute in organization, machinery, and mass methods, for the individuality of the soul and the placing of high value on distinction; that by no magic of machinery can mere quantity of a low order be transmuted into qualitative perfection. No mass methods will develop rational, ethical personality. No social machinery will run itself. The more complex it becomes the more urgent the need for spiritual individuality.

William James says:

The notion that a people can run itself and its affairs anonymously is now well known to be sillicst of absurdities. Mankind does nothing save through initiatives on the part of inventors, great or small, and imitation by the rest of us—these are the sole factors active in human progress. Individuals of genius show the way, and set the patterns, which common people then adopt and follow. The rivalry of the pat-

<sup>6</sup> *The American Scholar.*

<sup>7</sup> Emerson, *Culture.*

terns is the history of the world. Our democratic problem thus is statable in ultra-simple terms: Who are the kind of men from whom our majorities shall take their cue? Whom shall they treat as rightful leaders? We and our leaders are the  $x$  and  $y$  of the equation here; all other historic circumstances, be they economical, political, or intellectual, are only the background of occasion on which the living drama works itself out between us. In this very simple way does the value of our educated class define itself: we more than others should be able to divine the worthier and better leaders. The terms here are monstrosously simplified, of course, but such a bird's-eye view lets us immediately take our bearings. In our democracy, where everything else is so shifting, we alumni and alumne of the colleges are the only permanent presence that corresponds to the aristocracy in older countries. We have continuous traditions, as they have; our motto, too, is *noblesse oblige*; and unlike them, we stand for ideal interests solely, for we have no corporate selfishness and wield no powers of corruption....<sup>3</sup>

All our arts and sciences and institutions are but so many quests of perfection on the part of men; and when we see how diverse the types of excellence may be, how various the tests, how flexible the adaptations, we gain a richer sense of what the terms "better" and "worse" may signify in general. Our critical sensibilities grow both more acute and less fanatical. We sympathize with men's mistakes even in the act of penetrating them; we feel the pathos of lost causes and misguided epochs even while we applaud what overcame them. Such words are vague and such ideas are inadequate, but their meaning is unmistakable. What the colleges—teaching humanities by examples which may be special, but which must be typical and pregnant—should at least try to give us, is a general sense of what, under various disguises, superiority has always signified and may still signify. The feeling for a good human job anywhere, the admiration of the really admirable, the disesteem of what is cheap and trashy and impermanent—this is what we call the critical sense, the sense for ideal values. It is the better part of what men know as wisdom.<sup>3</sup>

*Summary.* Human nature in the raw is a hierarchy of impulses, dynamic tendencies, or motivations having greatly differing values for the well-being of the individual and of the community. These impulses must be organized, under the direction of reflective thought, by reference to a scale and system

\* William James, "The Social Value of the College-Bred," *Memories and Studies*, pp. 316-324. (By permission of the publishers, Messrs. Longmans, Green and Company.)

<sup>3</sup> *Ibid.*



of values. Personality is achieved harmony, the integration into a total dynamic system, of these impulsions. Self-control, self-direction, under the guidance of reason, is the indispensable condition of self-integration.

Society consists of individuals living in interaction. Since, under the most favorable economic and cultural conditions, many individuals will not show strength of rational control, much less self-directed integration, a society which makes the mass, King Demos, the arbiter of all standards in conduct, art, and culture, will disintegrate and become a mob, approximating to the Hobbesian *bellum omnium contra omnes*. Without recognition of the *aristocratic principle*, in its governance and culture, a democracy is a *moronocracy* headed straight for a dictatorship, Bolshevist or Mussolinist. Democracy can be saved only by an aristocracy of high intelligence and noble character, not an aristocracy living in ivory towers and cultivating behind high walls its own beautiful gardens, insensible to the milling and bemused mob without the gates; no, an aristocracy the keynotes of whose life are *self-direction* and *labor* for the most excellent things that are as difficult as they are rare, in the spirit of devotion to the well-being of the whole community. For the end of social life, as Plato put it, is not to make the individual happy by himself (if this were possible) but to make all as happy as possible. And true happiness is the rational activity of the soul according to virtue and throughout a life.

## CHAPTER XXII

### LIFE, LIBERTY, AND THE PURSUIT OF HAPPINESS

#### 1. RIGHTS AND OBLIGATIONS

THE SECOND PARAGRAPH of The Declaration of Independence begins as follows: "We hold these truths to be self-evident: that all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness. That, to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed." This fine statement of the charter of democracy may be compared with the French Declaration of the Rights of Man and of the Citizen, made in 1789. The Declaration of Independence assumes as self-evident three propositions: (1) that there are natural rights; (2) that with respect to the enjoyment of these rights all men are equal; and (3) that the three basic rights are life, liberty and the pursuit of happiness. It asserts further that the main function of government is to insure men in the enjoyment of these rights and that all government derives its authority from the consent of the governed.

In these two revolutionary documents were summed up the principles of the modern movement towards universal individual liberty and the equal rights of all individuals to enjoy the opportunity for the development of personality. These principles have been very imperfectly realized in the social life of Western civilization since then. They do express the very heart of the moral principles of democracy, and yet every one of them is challenged. I shall agree that there is truth in them, rightly understood; but that they are not in themselves self-evident. They are deductions from, and consequences of one principle which, if not self-evident, is the fundamental *ethical postulate* of democracy. This is: *There is an inalienable worth and dignity in every normal human indi-*

*vidual which implies that every one is entitled to an opportunity to realize, as fully and harmoniously as possible, his nature as a person.*

If we mean by "nature" a condition of affairs antecedent to, or apart from, the existence of an organized society or community—that is, the "state of nature" as conceived by Hobbes, Locke, and Rousseau—then *there are no natural rights*. In such a state, as Hobbes forcibly said, there could be no right but brute power. But man could not exist in such a condition and be truly human. He would be in a worse plight than the brute beasts. If one means by "nature" the condition of affairs in which man can realize and enjoy his capacities for becoming a rational self-determining individual and so becoming a person, *the state of nature is the social state*. Then the natural rights are those rights of man as a member of a community which are indispensable for the realization, by all the members thereof, of their individualities. There is no community apart from the individual persons; and there is no person apart from, or antecedent to, the community. There is no activity or interest of an individual which has not some possible social bearing. Even my taste in neckties or poetry or food affects other persons. Since this is so, *there are no rights without duties or obligations*. The basic duties and rights are correlative. I may have a duty to myself as mind or spirit, over and above my obvious social obligations, but this duty to self will nevertheless have some social effects. Here we are concerned only with the individual person's social relations. *His duties are definitions of his social functions*. It is my duty to earn a living for myself and family by doing some work that is of value to society; that is, of value to other persons, present and to come. These are my social functions, and my rights are correlative therewith. I have a right to a living and to such conditions of livelihood as will enable me to discharge my social functions. But I cannot do this efficiently if my personality is thwarted in some important interest or capacity.

The specification of the rights of personality and the modes of their appreciation depend upon the existing social structure, which has had a history. The rights and duties of an Athenian, a European townsman of the twelfth century, and an individual

to-day, are not the same. The rights and duties of a European, Turkish, or Chinese peasant, and an American farmer, are somewhat different. In this sense, *rights are not fixed and absolute. They are relative to a social situation.* Rights in general are the social principles necessary for the realization of personality. My right to life, liberty, and the pursuit of happiness can exist as a right only in so far as, in its exercise, I do not infringe upon the equal rights of the other members of the community. *There are no absolute rights.* The nearest approach to absolute rights are the rights to the life and the freedom of one's own body-mind or self. But even these rights are limited. Not only must I not exercise this freedom in such ways as to injure the like exercise of freedom by other selves; but, moreover, the State may demand my service in a dangerous enterprise; to apprehend vicious criminals, put down sedition, or defend the community against a violent attack upon its very existence. Why may the State rightfully demand these services of me? Because my own security and freedom I owe to the maintenance of a social order by the State.

## 2. LIBERTIES AND OPPORTUNITIES

*The positive meanings of "liberty" or "freedom" reside in the opportunities that their exercise gives to individuals to do, or to abstain from doing, something specific that has either value or disvalue.* In the general sense, individualism and freedom mean the same thing. A specific freedom means a specific opportunity for individuals to do or abstain from doing something specific; but we must ask what specific kinds of things the individual values and wants to be free to do, and what proportion of individuals are free to do these sorts of things in our existing social order.

I am *physically free* so long as I am not in jail; and not under other restraint, not pinioned to the ground by an immovable weight, not paralyzed or bedfast. I value this freedom very highly. I would fight to the last drop of blood to keep it. I am *socially and morally free* so long as, being in the normal possession of my senses and intelligence and not the slave of some vice, I have the power to direct my own conduct in the society

in which I live; subject, of course, to the condition that I do not interfere with the voluntary acts of other persons.

I am *religiously free* in so far as I have the power to join, or to refrain from joining, any religious body, to believe in any God I see fit or in no God; provided, of course, that my religious beliefs and practices do not interfere with others, do not violate their persons or the social decencies. I am not free to belong to a religious sect which holds that the assassination of unbelievers, or the practice of prostitution, polygamy, or pederasty is holy.

I am *intellectually free* in so far as no one hinders me in the formation of my opinions and their publication; provided again that my opinions do not include vicious attacks on the persons or characters of my fellow citizens, nor include the advocacy of social violence as a means of forcing my opinions on others.

I am *politically free* in so far as I have the power to discuss and criticize policies of state and politicians and have the power to vote for, as well as to advocate, the men and measures in which I believe.

I am *economically free* in so far as I have the opportunity to earn a decent livelihood by some work that is of social value, or at least socially harmless.

In the United States to-day we have, in general, physical, social, moral, religious, and intellectual freedom, and we have political freedom; except when passions run high during strikes and other forms of group conflict. Then political freedom may be curtailed; and with it social, moral, and intellectual freedom. Those suspected of being Communists, or more indefinitely, "radicals," may be given short shrift. On flimsy pretexts they may be arrested, beaten, jailed; and even the courts are sometimes loaded against them. Why? Because of their suspected advocacy of social views which, in the interests of a wider economic freedom, threaten the vested interests of those who, through the possession of wealth and control of the organs of public opinion and the courts, are able to obtain exercise of the police power of the State against agitators and radicals.

It is obvious, to any disinterested and well-informed person that, on the other hand, the other forms of freedom are mere mockeries to a starving and homeless man, if *economic opportu-*

*nity be wholly denied him.* If I am suffering from hunger, cold, physical exhaustion, or diseases brought only by these causes, I cannot exercise much intellectual or spiritual freedom. Even political freedom then seems a mockery. And on the other hand, the exercise of social and political propaganda to take away control from those who, by the use of great wealth, exercise power over the production and distribution of economic goods may so alarm and enrage them that they are ready to circumscribe the political, intellectual, and personal physical freedom of those who propose so to do.

Sweet above all things is power. Plato said power is poison and insidiously corrupts those who wield it; so that the more nearly absolute a man's power is, the worse he is likely to become. In the history of Western civilization hitherto no class possessing special privileges (which, in the last analysis, come down to economic and military powers) has ever relinquished these powers or suffered a part of them to be acquired by the underdogs subject to them without a bitter struggle. From the Roman conflicts between the patricians and the plebeians (in the social wars), through the time of the medieval feudal lords and the peasant wars to the French and Russian revolutions, every great struggle has been a conflict between a minority possessed of power and a majority seeking greater economic freedom and security.

That there is a historical explanation and justification for economic individualism and that this justification has come to an end is the two-fold thesis of this and the following chapters.

Feudal society was essentially an organization of groups having mutual obligations and rights. There was a regular gradation on the land. There were manors of all sorts and sizes, from those with land for seventy teams to those with land for one team of oxen. There were free and unfree tenants. A man *legally* free might accept land from a manorial lord on condition of doing villein services; a man legally unfree might be excused from his villein services. There were three classes of serfs, boors, cottars, and villeins—the latter the best off. As a money economy came in, villeins commutated their services by money payments.

The lords of the manors held their tenures in a variety of ways—directly from the king or from some intermediate lord.

There were two kinds of tenure—knight service, in which the lord of the manor rendered military service to his overlord at his own expense forty days in the year (as service which might be commutated by money); and socage, service by the payment of money or the free rendering of services. In the towns the gradations were not elaborate. In the guilds there were the apprentices and the masters. In the Church were the orders of the secular clergy and the monastic orders.

The end of feudalism is the birth of modern industrialism. The military power of the knights was destroyed by the use of firearms. The day of the robber barons came to an end. Their castellated crags fell before the power of artillery. In the meantime the wealth and power of the townsmen increased. The increase of production and commerce brought modern banking, in the development of which the Lombards led.

Foresighted princes who, like the English Tudors, made common cause with the rising middle class against the barons, came into power. Protestantism was partly a rebellion against the moral and spiritual supremacy of the Papacy, and partly against the payment of taxes to a foreign potentate for his great fane at Rome.

Protestantism became the religion of the middle class in Northern Europe. It has been shown, by Max Weber and R. H. Tawney, that Protestantism furnished the most favorable ethical and religious soil for the growth of capitalistic individualism. In this respect Protestantism was partly an effect, partly a cause, and partly independent, of the economic revolution. But liberty to trade went hand in hand with liberty to choose one's religious affiliations, especially with congregationalism, which means lay rule in the Church.

The great abbeys were destroyed and their lands enclosed. The commons were enclosed, and the peasants, who had had right to the use of the land, became landless serfs.

The time was ripe for the formation of a proletariat formed of those who had no other powers than those of using their muscles and breeding their kind to do likewise.

The tremendous influence of the great bankers is illustrated most strikingly in the career of the Medici at Florence. The basis

of their power was financial—they were money-lenders. The despots of the Italian Renaissance, with their hired soldiers and captains (*condottieri*), were among the first conspicuous examples of modern individualism. They succeeded the robber barons, and their ambition was for wealth and the power it brings. Hard, cruel, and without principle, they intrigued, poisoned, assassinated, made war, corrupted literary men and artists as well as priests and political agents.

The struggle in England for the supremacy of Parliament was a three-cornered fight between commoners, nobles, and kings. The triumph of Parliamentaryism in the Protestant succession was another mile-post in the march of the monied middle class towards social power through political representation. John Locke, the philosopher of representative government, was not a democrat in either the political or the economic sense. He based the right to participation, through representation, in ruling, on the possession of property. For him the right to private property was an inalienable and inherent natural right, antecedent and superior to the institution of any political state and its legal enactments. Locke held that a man's right to property is won by his labor, and that there is no constituted power that has any right to take it away from him. Even in his own day Locke was rather naïve about this. His patron, the Earl of Shaftesbury, did not labor much for his property, nor was the wealth of the bankers and money-lenders of his day proportioned to their labors.

The French Revolution began as a movement of the monied middle class against the high taxes and waste of the court. The revolution took on democratic features through the influence of the Paris mob and of Rousseau. But the liberty it sought was social and political; equality before the law and an equal right to a voice through their representatives in making the laws. The French Revolution did not aim at economic equality; it sought only enlargement of economic opportunity through political equality, and increased opportunity to make money through the removal of burdensome restrictions and the control of taxation. Nor was the American Revolution inspired by a desire for economic equality. Its basic principle was "no taxation without representation." The leaders of the American Revolution



evidently thought that there was a sufficient equality of economic opportunity provided by the natural conditions for exploitation in this new land. They carefully guarded the rights of property in the Constitution. Jefferson and his followers looked for a continuance of relative economic equality of opportunity. Hamilton, James Madison, John Adams, and the colonial merchants generally did not believe at all in economic or social democracy. They firmly held to a natural inequality in human powers which would justly result in considerable economic inequality.

In the meantime, actually coincident with the French Revolution, another revolution more portentous in its consequences was getting under way—the industrial revolution through the application of steam power to industrial production and distribution. This power age was to merge into the age of the gas-engine and the electric-dynamo.

Lewis Mumford, in his notable work, *Technics and Civilization*, points out that the ideas of power production long antedated the middle of the eighteenth century and that the industrial revolution began long before. The age of steam and coal power he calls the age of *paleotechnics*, the new age of electric power *neotechnics*. This is no doubt a correct distinction. Nevertheless it remains true that, after the middle of the eighteenth century, there was a conjunction of capitalistic commercial development and invention which involved for the first time the rapid transformation of industry from domestic production to factory or mass production; and that this is an essentially revolutionary step in human society. What was meant by freedom in the age of power production was the freedom from all hampering restraints in the development of this factory system. This brought to pass the physical and mental degradation of the workers. Work hours prolonged to the limit of human endurance for little children and women as well as adult males, low wages, miserable housing conditions, unsanitary and dangerous factory and mine conditions, together with the powerlessness of the individual worker in this tremendously unequal bargaining between the factory owner and the starving, would-be employee, led to the philanthropic attempts to regulate industry—the Factory Acts and various measures of social reform.

Modern Socialism is the offspring of mass production. The rise of mass production also led to the effort on the part of the workers to combine to make a better bargain—labor unions. What the rulers meant by freedom was shown by the exile to Van Dieman's Land of the first English laborer who organized a labor union and by the making of unions, as well as strikes, illegal.

### 3. LIBERTY AND LIBERTIES

In most of the current discussion about liberty—especially on the part of those who proclaim that we are being robbed of our precious American heritage of liberty, proclaimed by the Declaration of Independence to be as inalienable a human right as life itself and guaranteed by the Constitution, there is usually a failure to specify *just what liberties are being destroyed*. There is a magic aura of majesty and mystery about the words "liberty" or "freedom" that seems to create a highly emotional state of alarm. They are words to conjure with, hobgoblins with which to frighten people—like "Radical," "Red," "Communism." To say that a proposal or a legislative act is socialistic is to damn it as an insidious menace; whereas it only means that something is to be done for the common good by the chosen agents of the people as a whole. No doubt, to the private enterprisers who sold water at high prices, municipal waterworks were socialistic in this bad sense. So was the United States Postal Service to those who made big profits carrying letters. To the American Express Company the parcel post was dangerous Socialism. They could carry parcels cheaper and more efficiently. So would city health service be to many physicians. To physicians concerned with making large incomes, even health insurance is socialistic and socialized medicine is Communism of the worst stripe.

Freedom, or liberty, then, is a very ambiguous word. *Politically*, it means the right to vote, to elect one's representatives and choose one's agents in making and administering the laws. *Spiritually*, it means the right to express one's own opinions in matters intellectual and religious. *Socially*, it means the absence

of restraint on one's conduct. Now, clearly, the complete absence of social restraint is anarchy. No society could exist with it in full blast. In a democratic society, one in which it is recognized that all normal human beings have an equal right to live and to realize the human values that their capacities make possible, there can be no such thing as complete freedom from restraint. If the individual is not willing to conduct himself so as not to interfere with the opportunity of other persons to live well, he must be forcibly restrained. Every one admits this, in principle at least, so far as freedom and security of bodily life and action are concerned. But, as a result of the association of absence of restraint on economic activity with the industrial and economic changes in the past one hundred years, it is not recognized that complete economic liberty in the negative sense is now impossible—would indeed be possible only in very backward countries where, with full liberty, there would be most meager opportunity. Since the economic conditions of the good life are basic and indispensable, *the more economic individualism the less equality of opportunity*. The French revolutionists and the American could not foresee that there might arise an inverse ratio between economic freedom and equality of opportunity—the more of the one the less of the other. With the development of machine industry in England, the laborers soon found that out, and also that many of their economic masters wanted economic liberty for themselves, but not for their employees. The English story has been repeated on a much larger scale and more intensively in this country, and yet we are still laboring under the delusion that economic "liberty," undefined and unreal, is our most precious possession.

The only freedom that is of any real value is the freedom that consists in a fair opportunity to lead, by honest work that enriches the total economic and spiritual wealth of society, a normal human life; one in which the common capacities for work, play, companionship, love, and spiritual development get scope for fulfilment. The worth-while freedom is opportunity to live and to exercise moral and spiritual freedom. This means opportunity to develop and exercise responsible choice in regard to the higher values of living, of education and culture.

Since the right to the pursuit of happiness is the right to the

realization of one's vital, mental, social, and spiritual powers; and since these powers cannot come to fruition by starvation, disease, penury, ignorance, and weakening productive capacity; the more unrestricted economic individualism, the less concrete and free liberty to live and realize personality there will be. The more control of economic life for equalization of opportunity, the more concrete and full liberty. This may sound paradoxical, but it is not. For democratic liberty implies the possession of the instruments for the realization of personality; that is, for the exercise of all normal capacities, the satisfaction of the normal impulses. The individual who is starving or living and working under unhealthy and dangerous conditions cannot be free. The individual who has no opportunity to develop his mental powers by education cannot become a personality.

Economic liberty, the opportunity to amass unlimited wealth, is assumed by its defenders to be the chief motivating cause of scientific discovery and technological advance. Why? Simply because technology has made rapid advance in the modern Capitalism. But Capitalism has made science and technology its tools. It has not produced them. It has merely exploited them. The great scientific discoverers and inventors have never been moved to use their brains to amass great wealth. Faraday, Clerk Maxwell, Roentgen, the Curies, Rutherford, Thomson, Millikan, and dozens of others have worked at moderate or even meager salaries. Even Edison and the Wrights did not become very wealthy men, nor did Luther Burbank. Samuel Insull, Edison's business agent, did become very wealthy and powerful. A complexity of social conditions and an intellectual heritage have favored scientific activity and inventions. The favorable social conditions of intellectual achievement are very complex. Great creative steps in intellectual advance in Western culture were taken by the Greeks, from the seventh century B.C. to the beginning of the Christian era. It could not well be said that the great Greek thinkers and artists were incited by the desire for wealth. They were animated by eager curiosity, open minds, and favored by an alert intelligent people responsive to creative work. The amount of wealth that the richest Athenian could achieve in the fifth and fourth centuries B.C. would be a mere drop in

the bucket to an American multi-millionaire, and it was not the rich Greeks who achieved intellectual greatness.

Human beings are born unequal in their physical, intellectual, and emotional powers. They are also unequal in respect to their shrewdness and lust for gain and power. But, if the fundamental qualities and interests or capacities of human nature—their desire to live, to express themselves, to enjoy the sun and sky and earth, to have friends and sweethearts and children, to play, to think, to love, to worship, to understand—are the basic values of living, then there is no other way but to restrain and control, for the satisfaction of the basic interests of the many, the exceptional acquisitive, exploitative, and domineering interests of the few.

The American dream has been that of opportunity for a decent life for all in this open land. That dream has not been realized. If we are to make a fresh start towards its fulfilment, we must interpret freedom to mean equality of opportunity, and restrain all so-called specious liberty to do as one pleases with one's legally owned property which hinders the restoration and maintenance of equality of opportunity.

## CHAPTER XXIII

### THE ETHICS OF PROPERTY AND INCOME

#### 1. THE ETHICS OF PROPERTY

THE CHRISTIAN REVELATION (by which one means the examples and teachings of the New Testament) does not say much about private property. It is quite clear, however, that it was treated as entirely instrumental to the welfare of the community. A Christian held whatever property he had by the law of the land, but, by the law of love, the law of God, he held it only as a minister and steward. He must be ready at all times to use this property as an instrument to succor human needs, to minister to his less fortunate fellows. The parable of the good Samaritan, the command to the young would-be disciple, who was so much attached to his property, to go and sell all that he had and give to the poor, the saying "how hardly shall they that have riches enter into the kingdom of God,"<sup>1</sup> and many other sayings of Jesus bear out this proposition. One of the strongest appeals to discipleship was just this close fellowship and unstinted mutual aid in regard to the necessities of life among the early Christians.

Philosophers in general have based their ethical theories, including their views of property, on reason. Plato conceived the good life to consist in the harmonious functioning of man's impulses and capacities, with a due measure of subordination of lower to higher, under the guidance of *wisdom*, which is practical reason, reason applied to conduct. The natural impulses differ in quality. The impulse to action, the spirited or executive part of the soul, is to be preferred to the impulse to gratification of the senses. The satisfaction of the appetites for food, drink, comfort, and sexual union are to be subordinated to a rational life of courage and fulfilment of one's social duties; and *justice*

<sup>1</sup> Luke XVIII, 24.

or *righteousness* consists in the harmony of function between the various impulses.

Plato held that the acquisition of property must be rigidly subordinated to the good life. So strongly did he hold this that, in his theory of the ideal state, *The Republic*, the two ruling classes of teacher-administrators and guardians should be removed from all temptation to seek private wealth, by not being permitted any opportunity to do so. His ruler-teachers and guardians would be kept at the public expense. Only the lowest class—farmers, artisans, and merchants—could hold private property. In *The Laws*, he modified this view somewhat. He admitted its use, but held that it should be redistributed frequently. But, like Christianity, Platonism recognizes no inherent and inalienable right to private property. According to the Stoics, wealth was convenient, but morally indifferent. There was no virtue in its acquisition and possession—no natural right to property.

In the medieval Church poverty, celibacy, and obedience rated higher than any other virtues. The Church has always held the view that wealth is a stewardship. The notion of an inherent natural or absolute right to private property is part of the doctrine of natural rights that sprang up in modern times, and came to full expression in the eighteenth century, continuing on to the present time. It is a consequence of two tendencies that fitted together: (1) the growing economic individualism—the demand to remove all restraints on the free play of the individual's acquisitive impulse; and (2) the growing this-worldliness—the emphasis on the goods to be attained and enjoyed in this life as the things worth seeking. Money, ease, power, and security are the primary goods; to make money became the paramount interest of ever larger numbers in Western civilization, because money is the effective means to the other goods.

The virtues of diligence, thrift, and enterprise came more and more in the ascendant. Self-denial, saving, and shrewd investment are practised, not for the sake of a reward in the next world but as a means to the accumulation of capital. The commercial class emphasized and practised these ascetic virtues for this-worldly ends. The same virtues were urged on the poor, with the promise of a reward hereafter; since to keep the laborer

content with his mere sustenance wage was to receive more profit, and it was (and still is widely) held that the lower the wages the higher the profits, and vice versa.

It has been frequently maintained of late that Protestantism is an offshoot of individualistic Capitalism, since Protestantism, especially its Puritan form, did emphasize the virtues of self-denial, diligence in business, and thrift, and regarded worldly success as an evidence of divine favor. This is more or less true of Calvinism and Puritanism, but I do not think the motive was the accumulation of wealth. Puritanism had a Stoic ethics; that is, one in which the impulses and feelings are to be kept in strict subjection to the rational will. Self-denial, diligence in business, and thrift were offspring of this Stoic ascetic ethics. Of course, it did assist in the development of Capitalism. But what most strongly favored the growth of Capitalism was the individualism of Protestantism, going to the length of extreme congregationalism and sectarianism—the loss of the sense of the Church as an organic community, a fellowship. In fine, the current was setting too strongly towards the enthronement of economic individualism and the use of the forces of law and government to subordinate personality to property rights for religion to arrest it. Even in Catholic countries the church was not able to prevent this, nor was the Anglican Church, which preserved the sense of community, able to restrain the rising tide of individualistic commercialism.

The notion of *absolute* natural rights is fallacious. As Hobbes clearly saw, without organized society and a sovereign social power, there are no inherent rights. In a state of nature, as before organized society with recognized organs of its authority and power, the only right is might. Right has no meaning apart from a social order. The right to property, the right to whatever degree of liberty it is deemed expedient, in the interest of the entire social order, to accord the individual, the right to life itself—these and other rights originate and have their function only in an organized society. Even the right to life is not absolute. The soldier at his post, the railroad engineer at his post, the captain on the bridge, have no right to save themselves at the expense of others. Rights are correlative to duties. There is no right in



human society which does not entail an obligation. Since the right is social the obligation is social.

The natural rights philosophy—the notion of unrestricted freedom, and of progress through society's resolving itself into a chaos of egoistic atoms, with the State as a police force to keep the peace between the warring atoms—was developed in the seventeenth and eighteenth centuries without any basis in history or social fact. The war of every one against all, complete anarchism, is the logical outcome of such a social philosophy. It is sometimes said that Christianity is incompatible with Socialism, since Christianity sets supreme value on the individual, whereas Socialism subordinates the individual to the group. This is one of those half-truths that is more harmful than a whole lie. *Christianity values a certain kind of individual*—the individual who recognizes that his true individuality is realized only in the service of his fellows. As with Plato, the good is supreme, and the good is resident in souls or spirits; but that soul only is good which discharges its proper function in the social whole. The individual is not an ethical person, not a genuine personality at all, unless he recognizes and plays his part in the whole social symphony. There is no personality apart from community, and no community which is not a fellowship of coöperating persons. Our egoistical supermen, exploiters of their fellows, are not dynamic personalities. They are not true persons at all. They are like the "rogue" elephants whom the herd must expel or be ruined by.

It was always so. There never was a time, even in the simplest society, when personality could be realized through claiming and exercising rights and evading duties;<sup>2</sup> the functions, the social uses of property change with the changes in the technology or methods of agriculture, industry, and business. The rights and obligations of property must change correspondingly. So intimate and indissoluble is our economic interdependence to-day that the insistence on the property rights of another and simpler era is like a mad bull at large in a china shop. Property is affected

<sup>2</sup> Read, in *The Republic*, Plato's picture of the timocratical man, Book VIII, 548 f., and the tyrannical man, Book IX. (Page references on Plato are to the pagination of the Greek text printed on the margin of all good translations.)

with a public interest, precisely in proportion to the degree in which it is tied up with our economic interdependences.

At one time the Roman citizen had the power of life and death over his wife and children; he could do what he would with his own. With the growth of a more humane civilization he lost that power. Not long ago slaves were not persons. They were chattels, and the movement to free them was regarded as robbery. The man who, having got legal title to land, oil, mines, or waterfront, assumes that his rights therein are absolute, is usurping the rôle of the creator. Even when a man makes a fortune by supplying a useful article he simply utilizes a social opportunity.

It was the dominant class of enterprisers who imposed upon society the idea of an absolute property right. If it be said that a man is entitled to what is legally his, the answer is that he is legally entitled to it until the law is changed, but *he is not morally entitled to it if he makes an antisocial use of it*, that is, one which harms his fellows, or if he does himself harm with it. It is often said that Henry Ford *created* an opportunity to labor for thousands. He did not. He saw and utilized very effectively a social opportunity to sell cheap transportation; thereby he did provide a large opportunity for work.

Whatever ministers to the enrichment of personality, whatever makes one happier and more efficient, and not in an antisocial way, is *use-property*. Whatever use-property enables the individual, with his peculiar grouping of capacities, to lead a reasonably full and harmonious life as a member of a community is justified, and no more!

The great error of the Russian Communists has been hitherto in ignoring the nature of individuality, which varies a great deal and has its roots in affection. A private corner of one's own, a little home in which the affections develop, room to cultivate hobbies, leisure and opportunity to develop special gifts; these are necessary conditions of the flowering of personality. By having these, the individual person becomes a better contributor to the cultural wealth of the social whole, which consists in the totality of the weals of its individual members. For example: the property that I could least afford to lose is my library. I

have slowly, and with sacrifice, accumulated it during many years. I have used the books in my work as a teacher and writer, as well as for refreshment of spirit. There are not many persons in the country who would care to bother with many of my books. Were it taken from me by the State, I would be the loser and the State would be the loser. My usefulness would be greatly impaired. My happiness would suffer a great blow. A person is entitled to whatever part of his property he can make use of without injury to his fellows, provided also that he is able to and does perform some socially valuable function.

If the right to property is relative and depends upon the use made of it, is there any limit beyond which organized society may not go in controlling it? May not society take all my property? Of course it can. The power of the State is absolute. But it should not take what I can usefully use. Why not? To do so would be foolish. It would not serve a social purpose and would destroy, in whole or in part, the social value of the possessor.

As an expression of the rights and limits of property let me take this book. I have written it with considerable enjoyable labor. It is an expression of part of my personality. I have had that satisfaction. I hope to have the further satisfaction of contributing, however minutely, to a juster social order. I shall, perhaps, receive some small royalties from it. He who buys it and finds it useful will have the free use of it as his property. (But how much are he and I indebted to thousands, yes millions, in the past and present!)

1. It is a product of the whole cultural heritage of Western civilization. The ideas in it take their meanings and perspectives from a tremendously long cultural heritage. The very first framers of articulate speech, as well as the chippers of prehistoric tools, contributed to it. Our cultural debt is lost in the mists of prehistory. The debt becomes more evident for the ideas in it, from the laws of Hammurabi through Greek thought down to the books I read this morning. The same principle is valid for the reader who interprets it. So much for the contents of the book.

2. Its production laid tribute on the inventions and labors of paper makers, pencil makers, typewriter makers, typesetting-

machine makers and operators, makers of binding cloth and thread and gum.

3. Its distribution involves the labors of other thousands. All the above debts are manipulations, by earth dwellers, of the geological structure of the earth, the product of nature. My reader and I are products of this complex process of nature and culture.

Verily we can hardly be said to own ourselves, except in the sense that, as intelligent beings, we are centers of feeling, thought, and conduct in the vast complex organism of nature and mind.

The man who says he has an absolute right to property is either an ignorant and thoughtless being or an unsocial super-egoist. Even the right to use property is limited by the use or abuse one makes of it. As we have become more closely enmeshed in the web of economic interdependence, the uses we make of our incomes and properties have become more and more a communal matter. On the other hand the forms of property—the instruments and materials necessary for the richest expression of the individual's inherited aptitudes and acquired skills (in my case, for example, my books, notes, and other necessary materials for teaching, writing, and necessary physical and mental refreshment)—can never be effectively used as common property. The individual is the best judge of how and when to use them. And he will do his best work when the economic order enables him to supply himself not only with the necessary instruments and materials, but also to enjoy the means of further training and refreshment which make him a better distributor or producer.

## 2. THE CASE AGAINST EQUALITY

In dealing with the problem of the way out of our present social difficulties, a fair-minded person, who attempts to weigh the questions at issue thoughtfully, finds himself between the devil and the deep sea.

On the one hand, there is no justification, in terms of social utility, for the gross inequalities of fortune and income that have obtained and still obtain in this country and others. It is not

plausible to argue, for example, that the presidents of great banks, or of public utility corporations, or of steel companies, are rendering services to the country that have ten to twenty and thirty times the social value of the President of the United States, or fifty to two and three hundred times the social value of the services of the most eminent university professors, scientific researchers, artists, and expert public servants. Yet this is what obtains. Ten thousand dollars a year is a very unusual salary for a university professor or departmental expert in a national or state service. Incomes of the financiers and industrial heads have run from three hundred thousand to two or three millions. And some of the latter have evaded income taxes by legal devices. I take it that there are not many great captains of industry and finance who would be at once so naïve and so frank, in expressing their convictions that the incomes they received were so indispensable to the upkeep of their own morale, as servants of their clients and the public, as to be entirely justifiable from the viewpoint of public welfare, as one finds in the following:

The former chairman of the National City Bank of New York, in a suit brought against the bank's directors for losses to stockholders through alleged mismanagement, testified as follows: *Question*—"Was it necessary to pay you more than a million dollars a year to sustain the morale of the bank?" *Answer* (in part)—"Unless the man of energy and perhaps ability can see within his own organization a point which has great material benefit attached to it, that he can reach by his own efforts, his ambition becomes dulled."

Not many would be so naïve and so frank. But the huge incomes and accumulations are justified on the ground that those who acquire and possess them are men of such rare ability and extraordinary energy that whatever they receive, they return manifold to others by their unexampled services in initiative, organization, and management. Millions of persons reap the benefits that they confer through the stimulation of their ambition to keep their rare and most valuable powers working at concert pitch.

One sees the same sort of thing on a small scale in institutions

of the higher learning. It is not an uncommon thing for the football coach to receive twice, sometimes thrice, the salary of the leading professors, and the newspapers make a hubbub one thousand-fold greater over the acquisition or loss of a notable coach than over the acquisition or loss of one of the world's most eminent scientists, scholars, or teachers. Why? Football draws great crowds, who pay hundreds of thousands of dollars to be thrilled by the battle. Alumni, rooters, and betters get a great kick from it. If the coach's team wins he is worth more than his fat salary. If he loses several games, he gets another sort of kick.

The money, the renown, the social prestige go to those who are catering to the financial appetite and the other simpler and cruder desires of the mass. Only a few can appreciate the value of the work of the pure scientist, scholar, creative thinker or artist.

This condition results in a society with political democracy and control of the instruments of production and distribution—money, capital, credit, capital goods—concentrated in a few hands. The situation has developed in a country that has had political democracy for more than a century.

The most radical remedy is to extend equality from the political field into the economic. Bernard Shaw advocates strict equality of income for all. Such a proposition is nonsensical. It would hamper, almost paralyze, efficient service and hamstring creative work. Those capable of rendering the rarer and more difficult social services in administration, research, education, creative work, could never develop their capacities nor exercise them, if by chance developed fully, on the basis of equality of income.

The Russian Communists tried equality and have abandoned it. They have marked differentials in incomes.

Moreover, democracy, in the sense of complete equality, represses high quality of work. The struggle to establish and maintain work of a high quality is endless in so far as crude democracy rules. In politics the highest abilities and integrity and independence of character are at a discount. Very few men who have these characteristics get elected to represent the people.

In education the publicly supported schools and colleges are

below the level of the best privately supported schools and colleges. In art, music, the theater, the movie, literature, there is often an inverse ratio between quality and profit. The poorest things are the most profitable.

In industry, the greatest fortunes have been made catering to the commonest wants of the multitude. Democracy is supposed to be based on liberty. But the majority of people have not the slightest interest in defending intellectual or spiritual liberty; apparently not much in defending even political liberty.

Then there is the alarmingly large proportion who seem to have been born defective—imbeciles, morons and those unbalanced individuals who naturally become criminals. Degeneracy may be increasing. Certainly the proportion of known insane, defective, and delinquents is increasing. Perhaps this apparent increase is due to better records and more care. Part of it is due to bad environment in the slums.

Education is a partial remedy, but *education is effective only in so far as it takes*. Many are incapable of much education. The best hope for the improvement of human society lies in eugenics. But, at present, not very much is known about the biological conditions necessary for the procreation of superior babies. It will be a slow business getting what is known and applicable into effect through legislation and administration. The majority of people in a democracy are interested mainly in making a living and maintaining their social position and, if possible, having their children rise in the social scale.

What is needed is a more intelligent and public spirited electorate, with sense enough to choose fewer and better responsible administrators. The complication and ever multiplying problems of our economic and social life can be administered successfully only by a high-grade, public-minded bureaucracy. A lot of silly twaddle is talked about the evils of bureaucracy. The evils, the inefficiency, wastefulness, and corruption of our officials are due chiefly to the spoils system and the political corruption that goes with it. A civil service with high standards and free from political interference could run such affairs of the country as require more and more expert service efficiently.

The one immediate hope for so-called democratic government

lies in the transfer of more and more functions to responsible, high-grade, non-partisan officials, in short, to a high-grade bureaucracy.

### 3. HUMAN VALUES AND THE ECONOMIC SYSTEM—THE MECHANICAL MILLENNIUM

During the past half century the values that have been increasingly emphasized in Western civilization have been those attainable through the use of machinery. The road to happiness, as depicted in journalistic articles, popular literature, and above all in advertising in the press and over the radio, has been the way to be traveled through the possession of mechanical gadgets. Comfort, ease, speed; these goods are to be attained by the use of electric devices to save physical and mental labor, by phonographs and radios, by motor-cars, by movies. The dominating ideal is a compound consisting of the progressive reduction of personal effort and the substitution of passivity in both work and play. All sorts of physical devices, and psychological claptrap, to make one healthier, more beautiful and impressive in personality have been dangled before the public in highly colored advertisements.

Purchase of more costly articles—electric household machinery, motor-cars, radios, furniture and so forth—was made easy by instalment selling. In order to realize happiness through the possession of more and more mechanical gadgets, all the individual had to do was to mortgage his future.

The motive behind this tremendous push in production and salesmanship was *greed*. There is an immense profit in persuading millions of people to buy cheap machines and claptrap devices to insure health, beauty, and charm. Even wit and wisdom could be attained by subscribing to Professor Blank's course of ten weeks.

Nothing illustrates more strikingly this illusory idea of happiness and self-realization than the development and use of the radio in the United States. It might have been made a most potent instrument of enlightenment, instruction, and fine recreation. In Great Britain it actually serves these purposes. Dis-



tinguished scholars, thinkers, writers, give serious popular courses of talks; fine music is rendered. In the United States what one can hear is chiefly jazz and other dance music, digests of sensational news, twaddle about the transcendent virtues of cigarettes, gasoline, cosmetics, medicines, tooth-paste, shaving cream, coffee, Jones's tires, and Smith's cars. The programs presented are made as low as the popular taste is estimated to be, in order to wheedle all the "low brows" to listen to the blah of the advertising announcers. If a civilized visitor from Mars were to judge our civilization by the radio programs he might conclude that we are a race of barbarians, clever in a mechanical way and past masters in the arts of exaggeration and downright lying. On the other hand, it must be admitted, there has been a decided improvement in the non-sponsored programs, and some of those sponsored by the greater industries are of high quality.

The other-worldly feature of the Christian religion has steadily declined in influence. Human beings are no longer interested in the life after death. Salvation in a world to come has ceased to be a motive. Self-realization, happiness in this present world is the dominating motive. Unfortunately, the chief emphasis has been placed on physical and mechanical means as the chief ways to self-realization and happiness.

This tremendous overemphasis on physical and mechanical instruments as the sure means to self-realization, due to the profits to be made by selling people the products of mass production, is responsible, in conjunction with our very defective sense of political and legal responsibility, for wholesale dishonesty and crime. The temptation to engineer crooked financial operations for large prizes has been great. The whole emphasis has lain on financial profit and power. Our courts and police systems have been hampered by the influence of corrupt politics. The officers of the law have no security or independence. Yellow journals and the movies have played up sensational racketeering.

There has been an orgy of extravagance. People were urged to spend as a means to prosperity. Stock gambling assumed huge proportions, with tremendous prizes for the lucky and not over-scrupulous manipulators—especially for the promoters of mergers.

Real-estate exploitation became a mania. Florida and Los Angeles and vicinity are only the extremes of reckless real-estate promotions, in which the investing public has been misled by unscrupulous operators. Real-estate promoters and manipulators of securities have been the two chief factors in the piling-up of an enormously inflated debt structure. There can be no stable economic life until this debt structure is written down.

#### 4. QUANTITY AND QUALITY IN CULTURE

Why was little Greece the fertile mother of creative insights? The Greeks were never a numerous people, never more at most than a few millions. The Greek land was comparatively small and poor in natural resources. It has a varied and stimulating landscape, seascape, and climate. It was situated close to the currents of older civilizations. It received models and stimulations from contacts with the cultures of the *Ægean*, Asia Minor, Egypt, and Mesopotamia. The Greeks had the creative capacity to utilize these goods derived from older cultures and to lead humanity to an entirely new level.

Palestine was likewise a small, and not a fertile, country. It, too, was in the swirl of the cross-currents of ancient civilization. In ethical and religious insights Palestine lifted humanity to new levels. Rome was a small region at first. England in the spacious days of Queen Elizabeth was small. To-day we have vast populous lands, the United States and Russia, with very large populations and meager creative outputs in culture.

In mechanical instruments of living the Greeks were but savages as compared with us. Consider how fast we can travel by train, motor, and *aëroplane*! Consider how many horse-power is at the disposal of even a moderately successful individual to-day! We can talk to London or Paris almost instantaneously! Is it not wonderful? Electric lights, electric stoves, electric washers, motors, *aëroplanes*, telephones, radios, ninety-story buildings. Yet Athenian audiences sat all day on hard stone seats seeing and judging the tragedies of *Æschylus*, *Sophocles*, *Euripides*; whereas we could not get eighteen hundred people out of a population of three hundred and twenty-five thousand in a university town

to attend a play of Shakespeare, or one of Bernard Shaw. The young people of Athens listened by the hour to Socrates, Protagoras, Plato, and others. The only way we can get young men to read the immortal dialogues of Plato is to give them so many hours credit towards a university degree by which they can get into the University Club.

There are few aspects of life that a genuinely cultivated man could not have enjoyed better in Athens in 400 B.C. than in Columbus (or Chicago) in 1937 A.D. As for ethical insight and passion, Plato, the Hebrew prophets, and Jesus might hear their names honored if they chanced into the United States, but they would be hard put to it to discover in American business or political life any evidence that their words were taken seriously enough to cause any twinges of conscience or misgivings.

Our present civilization is in the main, in its body, its structure and movement, a most marvelous mechanical contraption in which dwells a barbaric soul, or at best, a divided spirit.

## 5. WHAT IS SOCIAL PROGRESS?

The popularly accepted conception of social progress or progress in civilization, current until the depression, was that it consists in multiplying the instruments of living, and in manifold human wants and the means for their satisfaction. And the emphasis was placed on physical instruments and physical satisfaction. From this standpoint, progress is exemplified in better plumbing, more lighting, more labor-saving devices, a greater variety of foods (quality not guaranteed), a greater variety of styles and materials in clothing (quality not guaranteed), more mechanical amusements (the film, the phonograph, the radio), greater speed in communication and locomotion (the radio, the motor-car, the airplane), bigger cities with bigger skyscrapers and more congested streets and slums. The underlying assumption is that anything easier, bigger, and faster is better for man. This conception of progress is still widely held. It is a barbaric notion. The only justification for man's efforts in subduing the forces of nature to serve his ends is that worthy and enduringly satisfying ends are thereby served; and that the

satisfaction of the basic human interests, the realization and enjoyment of genuine human values, are rendered accessible to all normal human beings; in other words, to average human nature.

Take the four most widely used of recent mechanical triumphs—the sound picture, the radio, the automobile, and the *aéroplane*!

The sound picture might be, and to some extent is, a means of high-grade recreation and instruction. There are some fine pictures. There is some educational use made of it. It is of particular value in conveying current events, geographical and scenic knowledge, and historical knowledge. But in the main it has been used to depict trashy melodrama, sexy stuff, and the excitement and lure of crime and gangsterdom. The visual and kinæsthetic sensations (sensations of movement) are those which most powerfully and constantly stimulate human beings to act. To see something done and to get the feeling of the movement makes a deep impression even on adults; much deeper on children. A careful investigation, by experts, extending over several years, proves that the children most retarded in school and most neurotic are those who most frequent the motion-pictures. There is no doubt that motion-pictures have been provocative of crime among adolescents and young people. They have been factors in producing mental and social disorder. William Allen White characterizes the movie as “a stick of candy offered to an imbecile giant.”

In short, motion pictures, controlled by the unprincipled greed of crude promoters, have been prostituted to harmful ends. Those in financial control of production have not themselves been men of culture and education and their aim has been to make money hand over fist. They have even overestimated the crudeness and vulgarity of popular taste.

The radio is a great instrument of refined recreation and instruction when rightly used. But what ends are served by it? Mainly high-pressure salesmanship.

The motor-car is a great convenience rightly used. But its improvements have been aimed chiefly at greater speed and comfort. Comfort is a worthy end, but the present speed of cars is a great menace. A man driving at seventy to one hundred miles an hour is a danger to every one on the road, and the

cost of operation and maintenance increases with engine power. The annual death rate from automobiles is thirty to thirty-two thousand in the United States, and the annual injury rate about half a million. Oil and gas are being burned up at a dizzy rate. What we need are slower cars that will give forty miles to the gallon. Emerson asked, "Why so hot, little man?" To-day he would say, "Why so fast, little man? . . . When you get there, having saved an hour or two, what are you going to do with the extra time?"

The aeroplane is urged because it saves so much time, and time is money. But it is still relatively a risky mode of travel. Is time money, if I pay twice the amount for transportation and save a few hours or a day which I waste?

G. Lowes Dickinson in his brilliant *A Modern Symposium* has one of his speakers depict the American spirit as that of seeking to go faster and faster and not knowing or caring where she is going or why. Her God, he says, is Acceleration. And what America is, Europe is becoming. America is simply leading Western civilization in this mad race, grotesquely miscalled progress.

Progress in the saving of labor and time is simply means to genuine social progress.

What is genuine social progress? In order to get a base to start from, I shall have to repeat some of the ABC's of social philosophy. Propositions that should be perfectly obvious are actually overlooked.

There is no meaning, no value, in change, no human progress, unless persons are thereby being enabled to lead richer, fuller, and more harmonious lives. All human value reduces itself, in the last analysis, to what is experienced, enjoyed, felt, and thought by individuals. I am at the present moment sitting in a shack looking out into the woods with the sun filtering through and dappling the leaves; a gentle and pleasantly cool breeze is waving the branches. I am writing something serious that interests me, at least, and I am physically well. My physical, esthetic, intellectual, and social interests are being satisfied harmoniously. If some fool with his car were to run amuck on the near-by road, the shack and I might be knocked endwise.

Note that these interests that are being satisfied are not on the same plane. The physical is basic, but the esthetic is of a higher quality; the intellectual and social again different and higher. (I do not go into the difficult question whether intellectual and social interests do not involve, for their fullness of satisfaction, esthetic satisfactions and vice versa. I believe they do.)

Nothing physical, nothing mechanical or technical, contributes one iota to human progress unless it furthers the enriching and harmonious satisfaction of mental and spiritual interests, that is, personal interests.

But I would not be what I am (I would be a subhuman animal) were it not for the labors, sufferings, achievements, and enjoyments of mankind. I have drawn upon the resources of the whole social heritage of culture. And I would not write were it not that I hope others will read and that maybe some will benefit; and possibly the little mite of mine may prove a minute pulse of energy in the building up of a better society. Furthermore, I shall tire of writing, by and by. I shall want companionship. I shall seek my family, my friends. I shall be glad to greet a stranger on the path if, somewhat fatigued, I stroll into the woods. No person can be a person except in a world of persons—past, present, and to come. For I also get much satisfaction from the gleams of hope that come to me of a better future for mankind. There will always be niggardly nature to struggle against. There will always be human misunderstanding, imperfection, and death. But I still hope, notwithstanding depressions and war clouds, that men as a whole will somehow see more light and follow it, towards peaceful coöperation against the common enemies of want, disease, and unnecessary suffering.

Richer, fuller, more harmonious persons as members of the planetary community of persons—this is the only goal of progress worthy to be called humane or civilized. It is impossible for individuals to attain, in however modest degree, the happiness that comes only from fullness, balance, harmony in their acts and feelings, without a corresponding attainment in their fellows. We are all members one of another to an extent that never before so obtained. It has been true always in the history of mankind that whatsoever degree of personal fulfilment might

be attained, it was attained only as a member of a community—of a patriarchial family, a clan, a tribe, a city-state, a nation. It is now true, and ever becoming more true, that the fulfilment of personality by the individual depends on the coöperative recognition of membership in all these concentric social circles, and the active recognition that these vital and spiritual circles are broken unless there is recognition that they are interdependent circles within the all-inclusive circle of the human race—which, in turn, is the manifestation (probably not the only or the highest manifestation but the only one known to us) of whatever God there may be.

## CHAPTER XXIV

### LAW AND SOCIAL ETHICS

**I**DEALLY, or in principle, the social function of the law is to insure that justice is done between the members of the social group in which the system of law is in force. The legislative body (a king or priest, an oligarchy or a representative assembly, as the case may be) enunciates the laws. As a matter of fact *law*, in long-established societies, is a *slow growth out of custom*. The laws of Hammurabi probably influenced Greek law. We have preserved no body of Greek laws, but the laws of Greece have been reconstructed.<sup>1</sup> The laws of Rome were greatly influenced by Greek laws, as well as by peculiar Roman customs (such as the absolute power of the father over the children). The body of Roman imperial law (the product of the juriconsults) has been preserved. It is continued in medieval canon law and has been the basis of the laws of Western Europe. Through the Normans, it influenced the English law, the nucleus of which was the law of the Anglo-Saxons. English common law, in turn, is the basis of American law.

The function of the courts is to interpret the law in application to particular cases. Laws are stated in general terms, and no general statement will unequivocally cover the great changing variety of particular cases. The law, it has been said, cannot take account of small differences (*de minimis non curat lex*). But it is precisely the small differences that are often most important. Really enlightened judges and lawyers recognize that *equity*—the taking account of modifying conditions, of exceptional situations in deciding cases—is the fulfilment of *law*.

The ideal functions of law are: (1) To protect those basic and universal interests and values of human beings that cannot

<sup>1</sup> Sir Paul Vinogradoff, *Outlines of Historical Jurisprudence; Greek Jurisprudence*.



be adequately protected by private action. (2) To promote the satisfaction of those universal interests and values that cannot be adequately promoted by private action alone.

In the application of these principles it must always be borne in mind that: (a) Law is a public instrument, backed by the police power of the State. What is not so backed is not law in the jural sense. (b) Both the prohibitions of action and the injunctions against action that follow from our two first principles must change with the changing economic and cultural conditions. Laws that were quite adequate to their ends in an economy of handicrafts and small enterprises are quite inadequate to an economy of increasing mass production and concentration of control. A set of laws sufficient for a social economy composed 80 per cent of farmers and small enterprisers is not sufficient for a social economy composed 20 per cent of farmers, and 80 per cent of wage earners, salaried employees, small and large enterprisers, and professionals and financiers. The ends of law may remain the same, but the specific laws to attain these ends must be changed.

(c) Law, by its general character, must always fall short of fully satisfying the interests of human individuality. It cannot insure good-will, much less bring happiness to the individual. On the other hand, laws have a positive moral effect. Our actual sentiments and ideas about property, work, the relations of the sexes, education, mutual obligations of individuals and groups, are, to a very great extent, molded by the laws in operation. The normal decent individual desires to obey the laws, and his attitudes towards law-observers and law-breakers are much influenced by the actual laws. It is only where a sharp conflict arises between personal interests and the laws that the question arises as to the justification of the laws. The law may be right and the individual wrong, or vice versa.

Laws are actually made to guard the institutions and activities of the groups in control of the State. Therefore, in various degrees, the laws in force have, in effect, meant that a certain proportion of human members of the society were not recognized as entitled to the full privileges of membership. The progress of law is measured by the wider and fuller inclusion of members of

society in the recognized privileges of being fully human. At first only patriarchal families, and members of clans; then, step, by step, ruling classes, citizens of city-states, certain classes in territorial states, and finally all members of the State were recognized as *legal persons*—clothed with rights and duties. The standard and goal is to recognize that, by virtue of their humanity, all human beings shall be recognized as equally entitled to a fair chance at the privileges of a good life.

In Anglo-Saxon law the fines for personal injury or death were graded according to the respective social status of the injured and the injurer. This gradation has long persisted in other ways. Slaves had no human rights in the American slave states. It took nearly five years of war to give these rights to them. And then, in effect, they were denied the franchise and, by consequence, education and the opportunities that go therewith. In the South still they must ride in "Jim Crow" cars. In the North they are discriminated against. Women and children long suffered under disabilities. In many states children still do. There is no protection against child labor, and obviously children cannot protect themselves.

The principal function of the political state is to make, interpret, and enforce law—to see that justice is done. And here is where the rub comes in. Men never agree as to what is just. The dominant group in power has one conception of justice. The groups that have no effective voice have a different conception, or the individuals in subjection are not effectively organized, or, if organized, have no clear ideas as to what would be just. Consequently, the law-making, interpreting, and enforcing powers in the political State are the voices of that group that knows what it wants, and has the will and the power to keep what it has and to get what it wants. So we find class law. The law of Hammurabi of Babylon (2100 B.C.) recognizes and discriminates between three classes—nobles, commoners, and slaves. The ancient codes generally did not admit that slaves were human beings. This was not true of Athens in its best days. There one could not beat a slave, and a slave might earn money and buy his freedom and accumulate wealth.

The Marxian Socialists hold that, under any form of capi-

talistic society, the political State is simply "the executive committee" of the exploiting group—that the State was the instrument of the military rulers, the masters and lords to exploit the serfs, and now of the big capitalists to exploit the workers. They maintain that this is true in the so-called liberal democracies of the West—France, Great Britain, and the United States. There is some truth in this, but it is far from being the whole truth. In Great Britain, with the coming of democracy, the political power of wealth has been much curbed. In the United States the people have carried out sporadic political revolts against the domination of the big interests. The Knights of Labor, Populism, Progressivism, the Non-Partisan League, were expressions of this revolt of the mass. Anti-trust laws, cumulative income and inheritance taxes, interstate regulation of commerce, public utility commissions—all were the results of popular efforts to regulate business and to tax large incomes for the common weal. If the laws and the institutions set up under them have not been very effective in promoting democratic economic justice, *that is because the people have not made up their minds as to what they want and how to get it. Our laws, taken by and large, are the expressions of the popular will for the common good.* If we have not collectivized the economic life for public ends, nor brought about a more equitable distribution of income, it has been because the majority of the people did not will to do these things. Our ideal of the common good has been that it would be best attained under a system wherein, with the necessary minimum of regulation, every one would have a fighting chance to become better off by his own efforts aided by Lady Luck. The prevailing ideal among the great majority of Americans has been a strictly middle class economic ideal. We have, on the whole, preferred rugged individualism, with a gambling chance at affluence, to general but moderate well-being and security. Of course, change in the laws to meet changing economic conditions is the result of struggle and compromise. It takes time, in a huge society with complex and changing situations, to remake the laws so as to better implement the struggle for justice. The great danger in democracy lies in the failure of the mass to see that, confronted with the nearly complete obsolescence of the open market, the

check on the free-for-all struggle, it must get busy and reconstruct its laws governing production and distribution lest far worse disaster come upon it. One thing is evident as anything can be in the great society to-day—that concentration of industrial and financial control in a few hands, with increase of machine production for profit only, spells more disaster and misery in the long run if not controlled for the common good. The middle class put Fascism in power in Italy and Germany. And America is more middle class in tradition and attitude than either Italy or Germany.

If the American middle class thinks it can save itself by putting government out of business and going back to the private manipulation of the market for profit only, it is, in my opinion, headed for a terrible fall. Neither in Italy nor in Germany has Fascism improved the lot of either the middle class or the laboring class. Indeed, it has not improved the lot of most capitalists. Economically Fascism is a failure. It freezes up the springs of economic progress. It is an unstable equilibrium and will not last long. It will become either a genuinely coöperative society or a static feudalism. We do not want a new feudalism. Nor do we want the brutality and suppression of personal liberties by either Fascist or Communistic methods. The alternative is a coöperative commonwealth democratically worked.

The truth is that the laws in effect in any organized social group reflect the social philosophy of the dominant groups. Where acquisitiveness is king, its interests are put before the interests of persons. It is reported that Justice Sutherland once said that in the law the interest of property comes before the interests of human life. The law is always, by its very function, on the side of the established order, of the status quo. Its function is to guard the existing distribution of power. The law hence is invariably the great conservative agency in human society. The fundamental question for its interpreters and executants is not, *What is ethical justice* in this case? but *What is the law?* Since the law is concerned with the interpretation and administration of the established ideas of what justice is in terms of traditions, usages, and the powers that be, *legal justice* represents what the established power considers right, and always

falls short of *ethical justice*. Of course, people disagree also as to what is ethical justice. Nietzsche said, Equality is the greatest injustice. Many others, from Callicles and Thrasymachus in Plato's *Dialogues* down to Hobbes, Machiavelli, and the present time (I forbear citing names of any living persons or groups), have held that *might makes right* and that laws and moral maxims to restrain the strong in the enjoyment of their strength from lording it over the weak are mere bluffs, the products of a conspiracy of the many weak to restrain the few strong. No doubt some of our present lords of creation would say the same, were they at once candid and straight-thinking.

Inasmuch as institutions are the indispensable framework of social order and continuity, they must needs be conserved in so far as they effectively perform these functions. It is, then, no fair criticism of law to say that it is conservative. Its function is precisely to conserve social, and especially economic, institutions. Since herein lies the value of law, herein lies likewise its limitations. Law is never an effective agency of social progress. When men become sufficiently intelligent in social regard, and sufficiently fair-minded, to recognize that existing legal institutions are no longer effective instruments for doing ethical justice and that it is possible, by taking counsel together, to devise more effective instruments, existing laws become a hindrance. For example: The writer does not know all that the framers of the Constitution had in their minds when they wrote Article III providing that the Supreme Court shall have appellate jurisdiction in law and equity arising under the Constitution, but with such exceptions and under such regulations as the Congress shall make. It is not clear that they intended that the Court should have power to declare unconstitutional, laws regulating industry or commerce under the general welfare and taxing power clause, if these specific laws prescribed to the citizens of the respective states how in detail they should be carried out. It is not evident that they regarded agriculture as purely a state's affair. It is not evident that the Founding Fathers intended that, since there was not explicitly committed to Congress, in the instrument, the power to do thus and so, therefore such a measure as the Agricultural Adjustment Act would be unconsti-

tutional. But one thing is certain: *The Founding Fathers had no prevision of the revolutionary changes that would come over agriculture*, as well as over industry, commerce, and finance, under mass production by machines, finance capitalism, railroads, autos, telegraphs, radios, and aëroplanes. In order to have had such prevision, the Founding Fathers would have to have had a special revelation from an omniscient God ruling a completely predestinated universe. There is not the slightest evidence that they had such a revelation. They were great men but, like the rest of us, they were finite in knowledge. It suits the purposes of certain unscrupulous groups to play on the herd instincts of the ignorant to-day, in the name of patriotic reverence for the Fathers, to the effect that the latter foresaw all the contingencies that might arise and provided for them all in advance; that, in framing the organic law to bind together thirteen small states widely separated in distance and time, operating in a handicraft economy and with mutual jealousies, they were legislating for all eternity and intended, above every other consideration, to petrify the rights of the several sovereign states.

In brief, the writer does not know whether the AAA and similar acts are unconstitutional under a strict interpretation, not being a long-range mind-reader of the spirits of the dead. Nor does he know how six men on the Supreme Court can be so sure of the minds of the framers as to know that these acts are unconstitutional. Nor does he pass judgment as to the economic and social wisdom of these acts. He does claim that it is absurd to assert that, in the interests of the common good, under the technical and economic conditions that now exist, the chief legislative body shall not have power effectively to regulate agriculture, commerce, and industry in the United States at large. It is practically impossible to draw a line between intrastate and interstate industry and agriculture. Not long ago the author was a guest at a chicken dinner at Provo, Utah. He learned, from the man in charge of the chicken-raising, that all the eggs laid in that *strictly local industry* at Brigham Young College were shipped to New York by aëroplane. And yet, according to the Supreme Court, chicken-raising and egg-laying is a strictly intrastate industry. Either these laws are constitutional, in which

case the majority of the Supreme Court is wrong; or they are unconstitutional, in which case the Constitution, in its narrow delimitation of the powers of Congress, is no longer adequate to implement social control for the better promotion of the common weal.

The writer has chosen striking and important cases. He might have chosen many other types. One or two must suffice. The procedures in foreclosures and sales are often ruinously expensive. The technicalities, exceptions, and evasions in cases involving large sums often make a farce of justice. A case involving a dispute in regard to rate-making between the Public Utilities Commission of Ohio and the Bell Telephone Company of Ohio has now been pending for nearly fourteen years. It is not yet settled (1937).

There is little doubt that, in the Mooney-Billings case, grave injustice has been done and left unremedied, because of the bitter feeling between capitalistic interests and organized labor. The Sacco-Vanzetti case is probably another instance. The Constitution has been flouted with impunity by vigilantes in California and other states, because the fruit and vegetable pickers were organized by alleged Communists. The same thing has happened in Georgia, Florida, and elsewhere. In criminal cases, involving questions of mental disorder on the part of the defendants, psychiatric experts rarely are permitted with dignity to give their testimony. The trial becomes a battle between the prosecuting attorney looking for publicity and higher political office and the defending attorneys. The psychiatrists are "hired" to testify in favor of one side or the other; not as impartial experts. They must submit to insinuations and badgering at the hands of the opposing attorneys. For this reason an eminent psychiatrist informed the writer that he always tried to avoid being called as an expert witness.

In murder cases the sensational journals try the case in advance of the court, and create a public prejudice usually with impunity; whereas they should be punished as interfering with the ends of justice. The recent trial of Bruno Hauptmann in New Jersey for the kidnapping and murder of the Lindbergh baby is only the most notorious of many such cases. The letter of the

law may have been observed. But the whole atmosphere of the trial was a disgrace to a people claiming to be civilized. Many of the newspapers who reported the trial should have been cited for contempt of civilized justice.

One's judgment as to the adequacy of laws and the institutions they conserve to further social justice depends on one's conception of social justice. Laws are means to social ends; they are simply sociological instruments. If we reject the view that they are either based on authentic divine revelation or are logical deductions from self-evident principles of pure reason, then the one acid test for them is democratic *social utility*. People who still think in terms of eighteenth-century atomistic natural rights and rationalism say that the positive laws of society are properly based on the eternal natural reason. They assume that the laws that favor their own retention of special privileges are the laws of nature and reason. (One suspects they say this as a camouflage. They are trying to keep their special privileges by honorific dressing up.) In this usage, the "natural" or "rational" becomes what is advantageous to its proponents. John Locke said that every man has a natural right to property, and defined property as whatsoever material of nature a man has mixed his labor with. This conception would do for a squatter felling trees or digging the ground in an unoccupied wilderness. I defy any man to say, in terms of this definition, how the income of a great automobile or other large factory should be divided between the various workers, investors, and directors. A hand worker gets, say, \$1,500 a year from his labor in a factory. A banking house puts across a huge deal in the purchase and reorganization of the company which nets them millions for a few weeks' or days' work by a handful of individuals. Are these respective incomes a measure of their respective "natural rights" in terms of the amount of labor mixed with the materials to turn out the product? When the handful of controllers of a great corporation write up stock by the million, make presents to themselves of hundreds of thousands of stock certificates, peg the market or run it down and make a great scoop, are their rewards, as compared with those of the workers or holders of a few shares of non-voting securities, strictly commensurate with the labor mixed with the



natural materials? To ask such questions is to answer them in the negative.

Law in itself is never a direct agency in moral progress, but it is a powerful instrument for making effective wider and deeper moral insights. The moral progress of mankind has taken place chiefly in two complementary directions:

1. In the deepening and enrichment of the recognized interests and values (the satisfaction of interests) which make up, through their organization and fulfilment, the ideal of personality. It is something to recognize the rightful claim of the individual to life and liberty of action and utterance. It is more to recognize the rightful claims of the individual to an opportunity to fulfil his being, to satisfy his instincts for comradeship, wife and children, for intellectual and esthetic growth into greater fullness and harmony of living.

2. The complementary aspect of moral progress is the widening extension, in application, of the ideal of personality, until it is effectively recognized that *all human beings*, possessed of the ordinary capacities, are to be treated as potential subjects of full personality. The extension of the full rights of personality from fathers to children and women, from all members of the clan or tribe to all members of the state, from freemen to slaves, from members of the State to all human beings irrespective of their social, political, and racial status, is the ever guiding principle. We have not yet achieved the penultimate step, much less the ultimate. Mankind has, as yet, made only a fair beginning in moral progress. Now, just in so far as this two-fold moral ideal becomes socially operative, does it find expression in law. We have got in this land freedom from chattel slavery, civil rights (by no means always respected), political rights. We have not yet got economic and cultural rights. We cannot get them effectively without a reconstruction of laws. We will not reconstruct our laws until the combination of social tensions with vigorous leadership and response in building a more humane civilization has taken deeper hold on us. Laws must remain conservative and unprogressive until the prevailing coöperation of human wills demands better instruments for a more humane life. When this higher collective will expresses itself, it must forge, in reformed

law, the instruments for a better life for all. For, in view of the follies, greeds, and ruthlessness of some persons, the force of social compulsion, expressed through law backed by the police power of the state, is necessary. Moreover, law, once established, is itself a powerful educative instrument, not merely for restraining men, but even more for training their emotions, images, and concepts in the direction of a fair-minded live-and-let-live co-operative life with their fellows.

Those who think we can get a more democratically just and humane social order by exhortation and persuasion alone are mere dreamers. There are always a good many "scabs," parasites, and rascals at large and living off their fellows.

Force, the police power of the State, is a necessary instrument for effectively implementing the laws. It is in the highest degree desirable that the reconstruction should come to pass without violence, without civil war. For the history of wars, whether civil or between states, shows that when violence is invoked on a large scale, wisdom and tolerance are lost. A conflict settled by violence is never settled right. It breeds more of its own kind. The conquerors perpetuate injustice and deep resentment in the conquered and the spirit of harsh domination in themselves.

Let us reform our laws to implement social justice by taking counsel together, not by collecting and firing a mountain of TNT.

## CHAPTER XXV

### THE DEMOCRATIC PHILOSOPHY OF THE STATE

**F**ASCISTS are quite wrong in asserting that liberal democracy makes the State a sort of armed truce between essentially selfish human animals—a compact to respect one another's persons and goods based on mutual fear and suspicion. The democratic state is in principle a lasting compact between sovereign free men to work together for the common good and thus freely to subject their several individual impulses and desires to their joint wills to achieve the good life for all.

A genuine political democracy is the most exacting and glorious form of human government—the most exacting since it makes the greatest demands upon the individual—that he freely resolve to subject his lower sensuous and selfish nature to his own higher social and spiritual selfhood and thereby voluntarily bind himself in a chosen bond with his fellows to work for the good of every other member. It is the most glorious form of political governance, because in it every citizen is called upon to exercise his prerogative as a self-legislating sovereign-subject. As sharing in equal freedom and responsibility all the citizens are *sovereigns*. As subjecting themselves, as carriers of private egoistic interests and desires, to themselves as sovereign members of the body politic, they are *subjects*.

Democracy presupposes not only that there is in every normal person a hierarchy of active powers—a lower and a higher self, an empirical and an ideal person. It is also assumed that all normal individuals can and will subject the lower to the higher powers when summoned thereto by the public interest.

In place of the Fascist hierarchy of functionaries in the State—supermen at the top with authority devolving downwards—democracy assumes that the hierarchy is resident in every normal person. It rests on the moral equality of human beings as persons.

In the Totalitarian State the problem for the majority is simply to obey the dictates of their little clique of supermen. The average individual is not treated as a genuinely moral person. Unless I am treated as a free and responsible being I am treated as a chattel not a person.

To call the Fascist State the ethical state is to overthrow the meaning of ethical values as the relations between free persons. The Democratic State is not an end in itself. It is simply the most powerful and far-reaching social instrumentality. Its function is to protect and aid, where need arises, all other social institutions in the nurture of free and fraternal persons.

The machinery of government in the Democratic State must be changed in adaptation to changing conditions. No arbitrary metes and bounds to state action can be defined forever by any Founding Fathers or Court. The functions of the State must change as the exigencies arise. Difficult though it may be to live up to, requiring self-determining and self-responsible citizens, not robots, there is no mystery about the Democratic State. It is not a cloudland in which individuality is lost, to be found only by obeying the directions of a dictatorial superman. The American Compact is altogether with individuals.

The general will for the common good in its specific applications to the questions at issue at the time, is determined in a democracy by the vote of the majority. This might be a simple majority, or a plurality determined by preferential ballot or proportional representation. The machinery is a detail which need not be discussed here. (The chief objection to modification of simple majority rule is the complicated machinery.)

One hears much talk about the tyranny of the ignorant or venal majority over the enlightened and incorruptible minority. Scorn is poured, by totalitarians, on the democratic method of determining issues of great pith and moment by counting noses. Such talk is echoed by disgruntled self-selected élite or intelligentsia in our democracy.

In reply I say, in the first place, that while I have frequently been on the losing side I have never been aware of any tyranny. By living and enjoying the benefits of freedom and order in a society of equals, I have tacitly agreed to, and profited by, the

principle of majority rule. The political basis of democracy is that, when there is equal opportunity to propose, advocate, organize, and vote on issues and men, the will of the parties who suffer defeat in the decision is realized when their views are rejected; for the basic will is the will to coöperate on the part of equals for the realization of the common good, after open debate, by majority vote. Those who remain in a democracy, using its freedoms and opportunities and then object because their particular and superior (?) opinions do not prevail, are trying to eat their cake and keep it. If they object strenuously to being overruled by the foolish majority, let them get out and start a society of the élite in some uninhabited spot if they can find one. If they prefer to remain in America I suggest that the consistent and decent thing is to stop talking about the tyranny of the majority.

In the second place I see no grounds for supposing that on fundamental questions of public policy, of what general measures will best promote the equal and common weal of fraternal persons banded together to realize the good life, the élite minority is wiser or nobler than the majority. In fact I do not think it is as wise and it is certainly not as noble. Deep in the general heart of man there is more fairness, more consideration for others, more respect for the individuality of the soul which knows its own joys and sorrows, than there is in the majority of the minority who have elected themselves by gaining possession of much worldly gear and the "social" advantages which such gear brings. If, as I maintain, there be an inherent and inextinguishable worth in the individual soul of each one, then it is not surprising that the majority should have more appreciation of this worth than the minority who have inherited or acquired an undue proportion of the fruits of the labors of their fellows.

In a final analysis I hold that those who gird and inveigh about the tyranny of the stupid and venal majority (who have been bought, they say, by political jobs and relief), are animated by a plutocratic snobbishness.

The Democratic State does not mean that all adults have an inherent right to vote, but only that those who have sufficient

intelligence and information to understand what their responsibilities as voters are should vote. No one possesses these qualifications unless he has an elementary grasp on the general structure of our government. Consequently, we should have an information test as prerequisite to the use of the franchise—an examination in the rudiments of civil government and of our social history. We are supposed to have universal education but, unfortunately, there are many among us who lack this understanding. It is essential to the perpetuation and improvement of the Democratic State that not only general education of the best quality should be made accessible to all; but, especially, that a civic and socially directed intelligence should become general. This means more than simply an acquaintance with the actual structure and operation of our democratic self-government. It requires that the citizenry acquire in their plastic years an adequate perspective on our social-economic development and the problems which have arisen from the revolutionary industrial and economic changes.

There is only one permanent principle to guide state action. Whatever is necessary to be done, in the total given social situation, in order that all members of the body politic may have equal access to the physical, economic, and cultural opportunities to become free and fraternal persons, the State ought to do when no other agency is sufficient.

Consequently, in the present juncture of affairs, the State ought not only to maintain security of life and health but good means of transportation, communication, and education. It ought to control the economic situation so that every member of the body politic may have an opportunity to live well. It ought to promote science, art, and recreation.

The State should do all these things not for the supposed glory of some abstract entity named America, but *for the concrete welfare of the individual persons who now inhabit America, and of their descendants.*

In the social and political philosophy which came to full expression in the seventeenth and eighteenth centuries it was assumed that one could begin with the individual, as he was or

might be, before any social order was established. The starting point for a social philosophy was taken to be a "state of nature" in which man lived antecedent to the establishment of the political state as an authoritative social order. And political government was conceived to be the result of a social contract or compact made between hitherto absolutely free individuals, whereby they surrendered some or all of their freedom of action and endowed either: (1) a single ruler (a monarch), (2) a small group (oligarchy), or (3) a representative body (parliament), with all authority and power. The purpose of this surrender of unlimited private freedom and the setting up of a public authority with power was conceived to be the better regulation of the relations between individuals. Since man cannot get along at all without his fellows there must be some recognized social authority with power to restrain him. Since he does not get along very well with his fellows this social authority must work through some central agency to make and enforce laws.

In reaction from this extreme individualism, which does not fit the facts of history and social psychology, there has been a swing to the other extreme—an *exaggeration of the social*. To use C. H. Cooley's phrase, it has become the fashion, since Burke and Hegel, to insist that the individual is a social product, not a social unit.<sup>1</sup> Hegel developed the doctrine that the *Objective Mind*, the *Social Mind*, or *Soul*, the *Spirit* or *Ethos* of a people is the source of all morality and law. "The isolated individual is a mere delusion of theory."<sup>2</sup> Man is suckled at the breast of the common ethos. The individual's conscience is made entirely for him by society. He has no moral relations, no rights or duties, except those conferred upon him by society. The individual draws all his means of moral nurture from the group. What W. K. Clifford<sup>3</sup> said about primitive man is always true of civilized man; the individual self is the echo of the tribal self. Since the political State is the most inclusive and all-embracing social institution and since it is all-powerful, it *includes, and is the supreme arbiter of, all moral relations*. "The state is the ethical substance. . . .

<sup>1</sup> C. H. Cooley, *Human Nature and the Social Order: Social Organization*.

<sup>2</sup> F. H. Bradley, *Ethical Studies*.

<sup>3</sup> W. K. Clifford, *The Scientific Basis of Morals*.

The state is the march of God in the world" (Hegel). Man's highest and most inclusive duty and privilege is to be a loyal member of the State. If the individual conscience dissents from the commands of the State, for example with regard to war, economic struggles, or religion, or scientific convictions (for example, whether biological evolution may be taught) the individual is always wrong.

The Group Spirit or Group Mind or Soul is held to be a real metaphysical entity. This view has been held by many thinkers from Hegel to Wundt and the Nazis, and by English idealists such as B. Bosanquet. It is also advanced in another shape by a French school of positivists (Emile Dürkheim and Lévy-Brühl), especially as a theory of primitive mentality. Collective or social representations or ideas take precedence in time and authority over individual ideas. The source of morals and religion is the group spirit. The collective mentality includes and shapes the individual's mentality. This theory of the reality and superiority of the group spirit or mind or soul is also carried out in the collectivistic theories of history: according to which the great man, whether prophet, sage, scientific discoverer, inventor, captain of war or industry and finance, is purely the product of the group mind. Great men are merely blind tools of the impersonal anonymous group spirit. Socrates, Aristotle, Alexander, Julius Cæsar, Jesus, Paul, Galileo, Newton, Darwin, Einstein, Dante, Goethe, Shakespeare, Beethoven, Wagner, Michelangelo, Rembrandt, and so on—all these so-called creative individuals were mere mouthpieces and hands of the group spirit, the *Welt-Geist*, the *Zeit-Geist*.

This theory makes the agency of all change in history, of all progress as well as decay, to be an impersonal anonymous Mind. It is the metaphysical doctrine at the basis of the Totalitarian or Coöperative State ideas of Fascist Italy and Nazi Germany. The group mind or group spirit, if taken literally, is metaphysical nonsense. It is the setting up of a psychological nonentity as a reality. There is no such thing. *All actual minds* that we have genuine knowledge of are *individual, personal*. No individual mind can literally get into, or be part of, or include another mind. We can communicate, coöperate, sympathize with one an-



other, but we cannot literally be parts of one another. We must all remain distinct and private until we cease to be minds or persons at all. Even a supposed Divine Mind cannot literally include human minds. A God might know me through and through, and feel *for* and *with* me, but He could not literally make me a part of His consciousness without swallowing me and so digesting me that I would cease to be. If there be a God, He must be *other* than the personal spirits who depend upon and worship Him. In practice the doctrine of the reality of the Social Mind or National Mind is made the justification of dictatorship, of tyranny. Since there is no all-inclusive mind or spirit that thinks and wills in all the members of a nation-state, the Total Mind and Will is identified with the will of some autocrat or some little group of oligarchs who have control of the military and financial power.<sup>4</sup>

<sup>4</sup> See Appendix III.

## CHAPTER XXVI

### SOCIAL MOTIVATIONS

#### 1. THE DOMINATION OF THE PROFIT MOTIVE

THE PROFIT MOTIVE has had a dazzling career in the United States. The country came into being as a nation in the period in which "let-alone" individualism, the removal of all hampering restrictions in the development of industry and business, had begun to triumph in Western Europe, particularly in England, the original home of the industrial revolution. Liberty of economic action went hand in hand with political liberty. *The watchword of the American Revolution was liberty—freedom for the individual in all the relations of life.* This was also the watchword of the French Revolution. The United States was settled and developed mainly by English-speaking people seeking firstly, religious and political liberty; secondly, economic opportunity; or perhaps it was the other way around.

Here was a vast empty land enormously rich in the variety and extent of its natural resources. Its soil, its subsoil wealth of minerals, its forests, its climatic variety, offered an unexampled opportunity, for exploitation, to an energetic people who entered it equipped with all the technical instruments of Western civilization. America was the land of opportunity for every man. The pioneers were unhampered by hangover institutions from the feudal and custom-ridden past of Europe. They could make their own laws, establish their own institutions, and proceed without hindrance to exploit the fat land. Cradled in individualism, in the spirit of enterprise, stimulated by climate and an undeveloped land, the settlers proceeded to gut a continent. Land, furs, timber, iron, copper, silver, gold, water power, coal, oil, gas—here was God's plenty free for the taking and using. Only a handful of Indians stood in the way, and they were brushed aside like flies. The history of the conquest of America is repeated to a large

extent in Canada, Australia, South Africa, by people of the same stock.<sup>1</sup>

The functions of government were subservient to economic exploitation. The State was held to exist primarily to protect men in the exercise of the profit motive: to guarantee contracts, to protect property, to further private enterprise. It did also, after the 1830's, begin to supply a free public system of elementary education and, in some states, university education. After the Civil War State support of higher education, which had hitherto been mainly supported by the churches and by private benefactors, spread, largely through the Morrill Land Grant Act. The Southern states had already established state universities, following North Carolina's and Virginia's examples.

In the meantime the North was developing industrially, and the Civil War was primarily a conflict between the industrial North and the agrarian, planter South. The issue of slavery was incidental to this. After the War the industrialization of the nation proceeded apace in the era of increasing mass production, with the consequent rapid growth of urban population, specialization of industry, and even of agriculture. Aggregation of capital units, divorce of ownership from management, increasing interdependence, reduction of an ever increasing proportion of the population to the status of wage earners came on fast and furiously.

Soon agriculture and retail business were the only individually run enterprises left; and chain stores, mail-order houses, and department stores encroached on individual retail trading. Nearly all the principal manufactured goods, as well as railroads, steel, light and power, telephones, telegraphs, radios, rubber, farm machinery, are produced and distributed by huge corporations. Banks have followed suit with mergers and the formation of huge banking concerns.

In short, in this corporate mass production and mass distribution era, the very individualism of the American spirit, jealous for complete freedom of initiative, jealous of governmental interference, has destroyed individual freedom of opportunity, has

<sup>1</sup> Stuart Chase, *The Tragedy of Waste*; and *Rich Land, Poor Land*. (Best survey of the problems of conservation before us.)

undermined the democratic dream of equality of opportunity. Public education was the great expression of the dream, but not even relative equality of opportunity exists in education. How much equality of educational opportunity is there between the children of Harlan County, Kentucky, or of the West Virginia miners, or of the Southern share-croppers, and the sons of the rich who go to Groton or St. Paul's and then to Harvard and Yale? Not to mention the gross inequalities between whites and Negroes in the South.

## 2. ECONOMIC MOTIVATIONS

In any discussion of proposed economic and social changes in the direction of more social control of the economic activities, the final and supposedly crushing and irrefutable criticism of the conservative is this: "You can't change human nature." Human beings will work for profit and power; for their own advantage, far more generally, energetically, and pertinaciously than they will for the common good. They will also work more honestly, for honesty on the whole is the best policy. Publicly operated activities are conducted less efficiently and less honestly than activities motivated by the lure for profit. Therefore the more social control through public agencies, the more waste of time, labor, and materials, and the less honesty. Public service, or the common weal, is ineffective as a motive for the production and distribution of economic goods. It may be true that odd persons, animated by zeal for knowledge, or beauty, or righteousness, or the good of their fellows, will do their best work regardless of profit; but they have always been a very small minority of human oddities. The vast rank and file will work hard only for gain.

The above is undoubtedly a true reflection of the actual emphasis that has been placed upon greed by our competitive individualism. But it does not follow that a change of emphasis in social standards of value is impossible. Indeed many instances can be cited of the paramount influence of other motives. In the great creative days of ancient Greece, service of the city-state was the paramount social motive. The Greek commonwealth was

the focus of civic life, education, art, morality, and religion. When Cræsus, the rich Lydian King, asked Solon, one of the seven wise men, who was the happiest of men, Solon replied: "Tellus, the Athenian who, as he died, learned that his city was victorious." Cræsus was greatly chagrined, but Solon said, "Call no man happy until he is dead."

The special epitaph to Leonidas and his three hundred on the monument at Thermopylæ is: "Go, friend, tell Lacedæmon: In this land we lie, obeying its command."

Damaratus, the exiled Spartan king, when questioned by Xerxes as to whether the Hellenes (the Greeks) being few and poor, would have the insane hardihood to resist his Myrmidons, replied: "Hellas, Sire, has poverty always with her. Poverty has been her foster sister from infancy, while Honour is an import. artificially created by deep thinking and strenuous legislation. These are the weapons with which Hellas keeps Poverty and Despotism from her door. . . . Free though they (the Hellenes) are, they are not altogether free. They, too, serve a master in the shape of Law, whom they dread far more intensely than your servants dread you."<sup>2</sup>

And Pericles in his great funeral oration, as reported by Thucydides, said of Athens: "We do not regard a citizen who takes no interest in public affairs as 'quiet' but as 'useless.' " \*

When economic individualism became paramount, Greece declined. The Roman citizen made Rome great by civic devotion. Oligarchy displaced democracy. Then wealth increased in power, and the Roman Republic expired in Cæsarism. The Christian Church made devotion to the welfare of the souls of men the paramount motive. The knightly ideal in the middle ages was one of service and devotion. Scholarship, pure science, education, the medical profession as well as the Christian ministry, are all based on the same principle. In China reverence for the spirits of ancestors has been the supreme social bond. Buddhism makes compassion for suffering the supreme principle. There are many examples of devotion to a group, from a family to a nation and humanity, that illustrate the same principle. Among the

\* Herodotus, *History*, Book VII, Chs. 101 and 105.

<sup>2</sup> *Greek Commonwealth*, translated by Alfred Zimmern, pp. 201 ff.

Tro브리and Islanders a man's social status is determined by what he gives away. Even in our capitalistic society public beneficence gives a man a high place in the esteem of his fellows.

Human nature is not an unchanging dynamic pattern. It is, on the contrary, quite plastic. *The motives that are most effective are those that command the most effective social recognition.* The motives that call into play, and keep in play, human energies are those that are most valued in the actual society.

The true explanation of the power that economic selfishness has wielded in our economic life is that the historical development of modern industrial society has taken place in an era in which emphasis on individual liberty—freedom of expression of opinion, freedom in political, social, and economic activity—has been emphasized. And this development of individual freedom of action has been in time and place coincident with the tremendous expansion of mass production through machinery and colonial exploitation of backward regions. Mass production has arisen in a régime of competitive private capitalism. The question is whether mass production has not now reached such proportions that socially uncontrolled mass production, operating under the motive of private greed, is not self-defeating. Whether machine production and distribution through vast concerns in industry and finance, controlled by a few socially irresponsible individuals, animated by the lust for gain, does not, by utilizing the major part of the profits for capital investments, inevitably result in an overproduction that is only another name for underconsumption, since the buying power of the vast majority does not keep pace with the increase of facilities for production? Do we not need a rightabout face, a change of front in social orientation?

Socially established valuations have a way of persisting through the inertia of institutional habits, through the inherited folk-ways and laws, beyond the point of their usefulness. Then these attitudes become dangerous hindrances in times of critical social change. This is precisely the situation to-day in regard to the supremacy of the profit motive. Our society has inherited it, and, under the concentration of economic power in a few irresponsible individuals, it produces want and suffering in the midst of an enormous and growing plenitude of productive power.

The dominant economic psychology of the United States has been a middle class individualistic psychology, with a weak sense of civic obligation. The motive that has been emphasized increasingly, especially since the close of the Civil War, has been that the social status of the individual, his moral character as well as his power and influence, are to be measured by his economic status. To become first a small-scale capitalist, then a larger-scale capitalist, then finally a Rockefeller, a Harriman, a Morgan, an Insull, a Mitchell, or a Wiggin, has been the alluring ideal for many energetic individuals.

Competitive individualism developed from the growing power of the middle class. The middle class means the class of traders, bankers, industrialists, and other capitalists, in the middle class between the kings and nobles and the peasants, laborers and serfs. The development of modern industrial society has been coincident with the rise of the middle class to the position of being the upper class in power. In the United States we started out without kings and nobility. So our society was, from the outset, a middle-class society. The middle-class spirit has pursued a headlong career of success, little hampered by non-economic ideals. The only controls exercised over the economic ideals of the middle class have been those of education, culture and religion. When people attain wealth, then the question arises, what to do with it? What is it good for? Some have used it to buy social and political power, some to buy office, some to indulge in conspicuous wasteful display, some to endow education, culture, medicine, charity, and religion.

So conspicuous and dazzling has been the position of the upper middle class, who have become our rulers and set our social fashions for emulation and envy, that the majority of Americans, who have never really had any practicable hope of rising into the ruling class, have been so touched by the possibilities of rising into the upper capitalistic class, that they have jumped eagerly to the bait of buying stock in all sorts of things—public utilities, industrial, banking, and investment corporations. They were lured on by the pot of gold which seemed always to hang at the rainbow's end. The manipulators skimmed the cream by Napoleonic operations in mergers, holding corporations, invest-

ment trusts. And in 1932-1933 the 15 million widely distributed small stockholders (whose purchases of stock were said to be bringing about an economic revolution \*)—a great nation of small capitalists—found themselves holding stock certificates of little or no value. It is true that our economic masters, the Napolcons of finance and industry, also suffered great losses; so great in the past few years, that owing to the depreciation in their stock values, they have been able to write off large losses in income and so escape income taxes. The twenty partners in the house of Morgan returned no taxable incomes in the years 1930, 1931 and 1932 because of the depreciation in the values of their securities. Of course, they still had a few millions left. They were not in the position of the old people and widows and orphans whose small capital security holdings became worthless as income yielders.

No more striking instance since the Crusades of the spread of a sociopsychological contagion can be found than the rise and spread of the "riches and enjoyment for all" ideal in American society—two cars in every garage and a chicken in every pot. If the majority never reached it, nor came within smelling distance of it, it still dangled ahead at the rainbow's end. There was always a better time coming. We Americans have been essentially a futuristic people. The good life was always just a little way ahead. We lived on hope, because we were pioneers in an ever expanding economic system. We were improving our economic status somewhat. We had the greatest natural and undeveloped heritage ever vouchsafed, in the inscrutable ways of Destiny, to any numerous energetic and intelligent people. We exploited our material advantages at breakneck pace. We all had a gambling chance to share in the economic plums. If the worst befell, we could go West and take up some free land, or we could take on a filling station, or sell stocks and bonds, or toilet articles, or cosmetics and medicines of magical efficacy.

But this rainbow promise of a whole nation of capitalists, little, moderate, and big, but always growing bigger, has vanished from our sky. There is no free land. Machine production and distribution under socially uncontrolled operation of the lust for

\* Thomas N. Carver, *The Economic Revolution in the United States*.



gain, have increased production, reduced employment and, by the fact that the major part of the profits has gone to the organizers and manipulators, reduced buying power.

### 3. PRODUCTION FOR INDIVIDUAL PROFIT—ITS MERITS

Since the profit system aims at the production of a greater abundance of goods for the largest possible profit, it does result in an increase in both the abundance and the variety of vendible goods—good, bad, and indifferent. Incidental to the achievement of more profit, it offers more employment so long as the profits of production continue to expand. Individualism is thus an elastodynamic system. Under it there is always being applied the stimulus to devise new ways of making cheaper the goods that are already on the market, and of putting new articles on the market. In the writer's lifetime there has been a great increase in the variety of things offered for sale with a deterioration in the quality of standard articles (such as cutlery, tools, clothing, shoes). On the other hand, other old and many novel articles have been both improved and cheapened; for example, automobiles and telephones.

If progress be measured in terms of multiplication in the numbers and varieties of articles produced, then individualism has been an increasingly progressive system. It has improved the general material conditions of living. A moderately paid wage earner can have more material comforts and conveniences to-day than a rich man could have had a hundred years ago. Whether individualism has improved the mental and social conditions of living is another, and quite a different, question.

Individualism, however, has probably increased rather than decreased the inequality between men. By its defenders it is contended that this is a wise and good process. Those who rise to the top and become rich and powerful are those who deserve to do so. Those who possess exceptional energy, shrewdness, and money-making ability are nature's chosen leaders and rulers. Those who fail to rise in the competitive struggle, those who are unable to do more under the individualistic system than barely keep alive and produce progeny (the proletariat) get what they

deserve. Those who fall and are trampled down in the ruthless struggle also get what they deserve.

The arguments of the economic individualist boil down to these: Any interference, by the force of social control or government, in the struggle for existence to insure greater equality of opportunity is either vain and wasteful or, in so far as it is successful, disastrous. The aristocrats are those who succeed most in the ruthless struggle for wealth and power. Nature's chosen servants and ministers to the economic masters are the rank and file—the proletariat. Moreover, when the proletariat foolishly attempts to check the activity and power of its natural masters, it suffers in the end. For the mass of men are incompetent to exercise control and direction so as to produce a greater abundance. Put them at the wheels and industry will slow down. They will kill the goose that lays the golden eggs. They will suffer, since a better life for them requires the necessary abundance that can come only from the rulership of the individual enterprisers. When the few energetic, able, and acquisitive enterprisers are at the controls of the social machine, the inferior multitude shares in its benefits. The great majority of human beings are either unambitious, defective in energy, lacking in high intelligence, or lacking in two or all three of these qualities. They are thus fitted only to be the servants of the gifted few. Nature makes human beings this way, and its way of working can never be altered. It turns out in every generation a few individuals to lead and rule, and a great mass of inferiors to be led and be ruled.

#### 4. AN INDICTMENT OF THE PROFIT SYSTEM

Profits must not be confused with payment for social services, nor with rent, interest, and expenses of operation. Clear profit is the surplus left over to the enterpriser when all the above costs of production and distribution have been deducted. Hence profit means essentially something for nothing.

Profit is not even now the mainspring of human effort. It plays a very large rôle with the exploiting minority, but not with the majority who have no chance whatever to make profits. In many groups it scarcely operates at all—ministers, social workers, most

physicians, teachers, scholars, researchers, artists. Here is a summary of the socially evil results of overemphasis on the profit motive:

1. It leads to the production of worthless, useless, and harmful goods—fake medicines, shoddy clothing, poor tools, harmful cosmetics, drinks and foods, bad movies and music, degrading magazines and books, yellow journalism.

2. It harms the workers by the failure to provide sanitation and safety and by screwing down wages to a bare subsistence level, and often below even this level.

3. It causes disemployment and depressions, since production is curtailed and workers are discharged to keep profits up while, at the same time, the reduction of buying power without a reduction of prices aggravates an already bad situation.

4. When prices are kept up to higher levels than necessary to yield moderate returns, by monopoly and conspiracy, consumers are deprived of the opportunity to buy useful products. The cost of electricity to householders is a case in point. Other examples are the costs of agricultural supplies, other steel products, building materials, and many foods. The uses of electricity are immense in saving labor and increasing production, especially in homes and on farms. In 1932 the average price of electricity to residential consumers in the United States was 5 cents per kilowatt hour; in Ontario 0.9 cents per hour. Ontario has a publicly owned and operated system of production. In Sweden 60 per cent of all the farms are electrified; in the United States about 10 per cent. The Tennessee Valley Authority has greatly increased the use of electricity in its region. In Sweden 45 per cent of the electricity is generated by public operation. Morris L. Cooke, eminent engineer, estimated that in 1932 there was in the United States a total overcharge of from 400 to 500 million dollars for electric service. He has estimated that in 1935 the overcharge was still in excess of 400 million dollars, notwithstanding some reduction in rates due to Federal power production (Tennessee Valley Authority, and so forth.<sup>5</sup>) The trouble is, of

<sup>5</sup> *New Republic*, Vol. LXXXIX, No. 1150, pp. 207 ff. But compare the replies of Wendell L. Willkie, President of the Commonwealth and Southern Corporation, circulated by the corporation.

course, that the rates have not been based on a fair profit on reasonable costs of production. The electric industry, like most other public utilities, carries a huge inflated debt structure due to the control of the producing and distributing units by holding corporations organized primarily to make money for their speculative manipulators.

5. It results in the absurdity of curtailing production of food-stuffs and cotton, burning wheat, destroying hogs, and ploughing under cotton, while millions go cold and hungry and are clad in rags.

6. It does not result in maximum efficiency in production. Production is controlled to keep prices up. Inventions to increase productivity are not used. Human energy and raw materials are diverted to the production of useless, shoddy, and harmful goods in place of useful, honest, and beneficial goods. Production primarily for beneficial use is the only sound social principle.

7. Under the financial corporation system the savings for investment of millions are recklessly gambled with, for their own huge profits, by financiers, bankers, investment trust promoters. A financial concern buys the Dodge Brothers Motor Company for \$146,000,000. It sells to the public \$160,000,000 in bonds and 1,500,000 non-voting shares of class A stock. The 500,000 class B voting (no par) common shares are not thus sold. The promoters then pay themselves a handsome profit for assuming dictatorial power, having mortgaged the property to the full amount of its original cost through outstanding bonds and preferred stock.\*

Old and leading banking houses floated a sale of 50 millions of Kreuger and Toll securities without due investigation. An English firm of accountants finds the operation of Kreuger and Toll to be fraudulent. Kreuger commits suicide, and the American investors lose nearly every cent. They lose most of their investments in Peruvian bonds, while banking houses and engineering firms associated with them make handsome profits. It is estimated that Americans have lost over ten billions in foreign investments. The losses through investment trusts and corporation manipulations have been staggering.

\* W. Z. Ripley, *Atlantic Monthly*, Vol. 127, No. 1, Jan. 1926.

The presidents of the two largest banks in New York City were so concerned to make money themselves that they neglected the interest of their customers. Both were finally removed from office.<sup>7</sup>

It is said that 90 per cent of all Americans in business fail at some time in their lives. Gambling for profits is very risky to the gambler and to those who confide in him.

8. An economic system run primarily for profit, of course, operates within a national state. When bankers and financiers reach out beyond the nation, as they must when the financial power grows larger by what it feeds on, we have international finance and imperialism—breeders of wars. Of course, big enterprisers, except those in the munitions business (which is also international in scope) do not want war; but they want opportunities to exploit backward lands, to get from them raw materials and, in turn, to sell their products to them. All big capitalistic nations want a generously sized "place in the sun," as Kaiser Wilhelm II put it. The chief cause of the World War was economic competition. Since then the conflict has gone on. Japan takes Korea and Manchukuo and is now penetrating China. Italy takes Abyssinia. United States oil interests demand a share in the exploitation of Persian and Mesopotamian oil-fields. United States capital sees big opportunities in Cuba, Central and South America, and demands protection by the United States Navy and Army. Germany demands the return of her mandated colonies. International finance, under the lure of the profit motive, becomes imperialistic.

## 5. SOCIAL MOTIVATIONS

The following seem to be the chief motives which impel men to work: (1) Self-preservation and bodily well-being. (2) The maintenance of a family or other loved ones. (3) The instinct of workmanship. (4) Social status and prestige. (5) Desire to contribute to the general welfare. The relative strength of these five motives varies much from individual to individual.

<sup>7</sup> Jerome Davis, *Capitalism and Its Culture*, Chapters V to IX. (For a summary.)

*Self-preservation.* One man is primarily interested in his personal well-being. He is the selfish man *par excellence*.

*Maintenance of Family.* Another man is primarily interested in maintaining his family and nurturing his children at the highest possible level. Women are controlled more by this motive than by any other.

*Instinct of Workmanship.* A minority, perhaps, but certainly a large minority if this be a minority at all, have a strong impulse to do things, to shape things, to create things. In the case of an artist, explorer, scholar, scientist, or philosopher, this motive is so strong that it leads men to sacrifice physical comfort, social prestige, and sometimes even advancement of their families, to the thirst for knowledge, discovery, or creation. The artist, or the thinker and investigator has to beware lest his desire for social recognition lead him to betray the unselfish devotion to truth and beauty. There is always the danger that a speaker who establishes emotional rapport with his audience will be carried beyond "nothing but the truth." The artist or writer is tempted to sacrifice his ideals of beauty or truth to win popular response. At the present time, with the immense audiences reachable by print and radio, even scientists are tempted to say that things are thus and so that they do not know to be thus and so. And, notoriously, publicists and politicians, not to mention "psychologists," some religionists, and astrologists, gain their following by playing on the crude emotionalism of the populace. The most terrible and alarming examples of this sort of thing are the powers wielded by dictators and demagogues. This brings us to the fourth motive.

*Social Prestige and Power.* The appetite for social prestige and power is one of the strongest there is in many men. Hitler's *My Battle* is a striking instance of this. Huey Long was another. Unless checked by the instinct of honest workmanship, of conscientious and critical intelligence applied to the job one is doing, and of devotion to the welfare of humanity, it may run riot and do untold mischief. In the present confusion and unrest demagogism is probably the most dangerous and harmful avenue for the satisfaction of the social prestige motive.

In the most recent past, in the most industrially advanced

nations, the profit motive in its more powerful manifestations has been the form that the social prestige motive has taken with energetic and ambitious men. This is true, whether the individuals under consideration have been big bourgeoisie working within the law, racketeers, or big criminals. For the one universally recognized instrumentality and standard of social prestige has been the power of monetary wealth. By it men have wielded power, and the more wealth the more power. The gains may be well gotten or ill gotten and, whether well or ill gotten, they may have been used for either harmful or beneficial ends. It is noteworthy that in the case of great enterprisers the wealth has been used largely for socially beneficial ends. Sometimes egotism has played a large part in their donations, sometimes not. It is well known that it is easier for educational money-raisers to get generous donations for buildings than for the endowment of professorships, research, or creative arts. Nevertheless, the various endowments devoted to educational and culturally creative purposes—the Carnegie, Rockefeller, Guggenheim, Rosenwald foundations, and the large sums given by many donors to cultural and philanthropic ends—show how genuinely great enterprisers may seek the high forms of social prestige and may be motivated by the fifth desire—to benefit their fellow men.

Social prestige is both a powerful and a legitimate motive. It must be checked and controlled by the motives of honest workmanship and philanthropy. It is quite beside the mark to cast aspersions on rich men's motives when they make liberal donations to genuinely worthwhile purposes. Of course, we are all impressed by size, and the rich Pharisee's big donation gets more recognition than the poor widow's mite. Still, in a system in which the social power of great wealth is obvious, it is beside the mark to impugn motives. So long as great private wealth is attainable and carries the prestige it has carried, men will seek it, for they are hungry for social prestige.

*The Service Motive.* Is it possible to strengthen the "service" motive, the motive of working for the common good regardless of the individual's personal aggrandisement? This is just what the higher morality and religion does and has always done. It has worked under great handicaps. In Russia they seem to be

trying to make the general weal a paramount motive. It is said that Soviet Russia is anti-religious. This is not so. They are making work for the common good their religion. By competition between intrafactory groups and between factories they stimulate this motive. Recently a miner, Stakhanov,<sup>\*</sup> who demonstrated and spread the principle of "speed up" in his work, was brought to Moscow together with a number of workmen and workwomen who had done the same. They were fêted and thus rewarded with social prestige. This is good social psychology. Of course, the noblest motivation is to work faithfully for the common good without public recognition. But, human nature being what it is, *the most effective way to strengthen the motive to work for the common good is to give it effective public esteem.* When in our general social attitude the individual who exploits his fellows for private gain is despised and condemned, and the individual who does the best work he can for the common good is recognized and praised as worthy, our social problems will be pretty well solved.

Congenital incapacity, laziness, and ill health will not be eliminated. But ill health and laziness can be much reduced under a more intelligent social order. Even congenital incapacity may be in part the result of social maladjustment in one's forbears.

The conflicts that will remain will be between wider social service and family interest, and between the bent of the individual and social service. The first conflict should be much reduced when it is evident that family well-being and work for the common good are interdependent.

The conflict between individual bent and work for the common good can never be entirely eliminated, although it may be lessened. For this conflict is acute, not as a conflict between individuality and social service, but between *how* the individual thinks he can render his best service and how his boss, whether state or private bureaucrat, thinks he can. This is the point of greatest social tension in a collectivistic society. All society is more or less collectivistic. For individuality is always socially conditioned. But Western civilization has become so complexly collectivistic, both in capitalistic countries and in Russia, that

<sup>\*</sup> Stakhanovism discussed on pp. 111-112.



most people have to work under some bureaucrat (a bureaucracy is simply a graded organization of specialists). Who is to decide where and how the individual can do his best work, render his best service? At what kind of job and for how many hours a week should the individual work?

This problem exists under a capitalistic system. For example, who is to determine how many hours a week a productive scholar should teach in a university? A university is assumed to be a place of the highest learning and research. No cast-iron rule can be laid down. Of two equally able scholars, one finds teaching a greater drain than another does. Assuming that their productive work is of the same value, a conclusion extremely difficult to arrive at, then the one who finds teaching a greater drain should carry a lesser load. The writer happens to be one who finds he can teach ten hours per week and carry on research and productive work by careful economy of time. Ten hours is a fair average, but if made a cast-iron rule, it would prevent some valuable contributions being made.

In the case of routine physical or mental labor the conditions are quite different.

The Christian Churches, with their great inheritance of a moral idealism—the core of which is the two principles: (1) the sacredness of personality in every least mother's son and daughter, and (2) the principle of fellowship coöperation and active love—should by their ability to arouse right emotion through their symbols in doctrine, worship and moral teaching, be powerful agencies in bringing about the coöperative commonwealth; the realm of the sons of the Divine Father who live in sonship and therefore in brotherhood. Unfortunately, not only are the churches handicapped by financial dependence on the Lords of Creation—that they can throw off—but they are greatly handicapped by their unfortunate divisions. If the churches are to be at all effective in the moral regeneration of America, two things must happen. (a) The Protestant churches must give up emphasis on non-essentials—on differences in polity, ceremonial, and even on such scientific questions as evolution. They must unite and concentrate on making the Realm of the God—whose social morality is expressed in the Sermon on the Mount and the leading moral

parables, and in the writings of Paul and John—effective. (b) The united Protestant churches (united at least in unity of social spirit) must coöperate with the Roman Catholic Church. Otherwise they all may go the way of the Russian Orthodox Church.

Humanity has great resources of aspiration, imagination, devotion, and creative thinking to draw upon.<sup>9</sup> The extreme and militant nationalism of Italy, Germany, Japan, and other countries are tragically misguided instances of these resources. Nevertheless, that millions even in poverty and distress will answer to the burning faith and symbols of patriotic dictators is signal evidence of the greatness of humanity.

#### 6. THE PROBLEM OF REWARD

On what principles should monetary income and other rewards for work be based in a society that deliberately planned a nearer approach to the ideal?

Some argue for a generous basic minimum. Harold Loeb, the head of the National Survey of Potential Product Capacity, argues that if production were properly organized, it would be possible to give to the average family a basic yearly income equivalent to \$5,000, and still leave room for luxuries and varieties in consumption. Even if this were possible (which I doubt) the question remains: What proportion of families would make wise use of this income? I fear some of them would not do very much better than the Indian family in Oklahoma that had suddenly grown rich on oil royalties. An oil adjuster told me he went to this family to discuss the arrangements in regard to some oil matters. He found the children pounding a grand piano with hammers. On calling the attention of the mother to the performance she replied: "Oh, it does not matter. We will buy another piano." He informed me that rich Indians often treated high-priced motor-cars in the same way. Equality of income would be neither socially expedient nor just. Let us start from

<sup>9</sup> I have not discussed the question whether those spiritual resources in man have a higher than human source since I wish to avoid metaphysical or theological controversy in this book. Personally, I believe they have a higher source, I may refer here to my *Religion and the Mind of To-day*, and *Man and the Cosmos*.

Bentham's principle: "Every one to count for one and nobody for more than one." This cannot mean equality of reward. It does imply *equality of consideration*. All should be treated alike with reference to like goods. But, even in the case of such similar goods as food, housing, and clothing, there is a difference in the consumption needs. A day-laborer and a scholar both require decent housing and nourishing food. But the scholar requires more housing. He needs a study where he can keep his books and papers and work in quiet. He may not need more food than a day laborer, but he requires more delicate food. If he be a teacher at his work he must dress more expensively. He requires more leisure. To work to the best advantage he needs an opportunity to hear good music, to travel, to meet his colleagues and refresh and furnish his mind with direct acquaintance with foreign sights; especially if he be a historical scholar. The day-laborer would have no use at all for the scholar's library nor for his foreign travel.

If we believe that a society in which there is supported a minority of fine teachers, scholars, musicians, actors, scientific investigators, and creative artists, is a better society than one which exists on a low level of humdrum mediocrity, then it is socially expedient to reward the cultural élite in such a differential degree as will enable them to do their best work. But why is a society which fosters high culture better than a society composed entirely of mediocrities? Because it is more progressive and interesting.

Moreover, the gifted minority will be unhappy if their strong bents towards discovery, creation, and scholarship are thwarted. And the spreading out over the general mass of the differences between rewards to them and the lesser incomes to the mass will not in any appreciable degree enhance the well-being of the mass. Indeed, if we consider the future, this will decrease the average well-being since, if the gifted minority are not able to exercise their creative powers, in that degree the social heritage will not be enriched and may even be impoverished.

As a question of justice the rewards should be distributed so as to take account of the *differences between individual capacities* as well as the *samenesses*. In this way there will be more widely

diffused well-being and more social progress. For it is admitted (at least I assume it to be so) that high differentiation and variety, in products, achievements, and satisfactions, to meet differences in individuals is the mark of a vigorous and progressing society.

On the other hand, it is not sound to argue that those who by reason of greater ability can contribute more to the social weal (using this term to include economic material and cultural goods) have greater *moral merit* than those who contribute less. If one workman can do twice as much as another in a given time, it may be expedient to give to the first extra reward as a social stimulus. But, provided both have worked steadily, there is no more moral merit in the one case than in the other. One artist may paint better pictures than others, one researcher may be more productive than another, one scholar teach better than another, without there being any more moral merit in the first than in the second. For achievement is a resultant of two factors: (1) native ability, and (2) the opportunity for training and exercise of activity provided by society. There is no question of rewarding moral merit in such cases, but there is the question of social expediency. Better incomes and more social recognition stimulate individuals to develop and exercise their gifts.

There is undoubtedly, for every occupation, a decent minimum standard of living, and conditions of working (hours, place, health conditions, and so on). Equality of consideration implies that, in every occupation, this minimum should be attainable by honest work. Social expediency, as well as equality of consideration, implies that the minimum for the vocation should be forthcoming. Beyond these levels, the question of differential rewards in income, promotion, and social recognition, should be determined in terms of social expediency. The differential rewards should be such as to induce the number required for the social services to enter the calling and to put forth their best efforts.

This condition does not now obtain. For example, while there are plenty of candidates for higher teaching positions, there are all too few of the first rank in ability.

It is said that 40 per cent of the people of the United States have no medical care. There are large areas of rural communi-

ties without any physician. The cities are overcrowded with physicians, many of whom do not make a living. The reasons are: (1) Many cannot afford the costs of medical care. (2) Physicians crowd into the cities and aim to become specialists. Many of them depend on buying the latest mechanical devices. Their training is too specialized. They lack a broad social and humane culture. They expect to make bigger incomes as specialists. At the same time medical schools and associations are working to reduce the numbers that graduate.

There is a serious maldistribution of physicians and medical care. The only solution seems to be socialized medicine, by which physicians will be distributed with decent incomes in more sparsely populated districts. But this does not mean that highly skilled surgeons and physicians should receive the same incomes as the average practitioner. The highly skilled physicians will require more equipment and opportunity for scientific travel.

## 7. SUMMARY

The prime cause of depressions is lack of effective purchasing power. This lack leads to a fall in prices of those goods not produced in large and integrated industries, in other words, in agricultural production, which is small-scale and atomistic. The purchasing power of the farmers is drastically cut. If industrial enterprises are to meet the fall in purchasing power by reducing prices of their products, they can only do so by economies in production. The chief reducible item in production of manufactured or processed goods is labor costs. Labor costs are reducible in two ways: (1) by reduction of the daily wage, and (2) by reduction in the number of workers by the increase of labor-saving machinery. But each of these ways of reducing costs reduces purchasing power. If the fall in prices from decreasing demand be not checked, the enterprises will be ruined. Under the profit system they can continue production only if they can meet rent and interest charges. To do this they must make profits. The situation is aggravated in large integrated joint stock enterprises by the piling up of the debt-structure through write-ups and other forms of watering.

The only other way open is to reduce production and thus bring the supply below the demand. But to reduce production is to increase unemployment and thus to further reduce effective demand. Profits fall off into losses, and rents and interest charges cannot be met. There is no escape from this vicious spiral under the system of production of necessities and utilities primarily for profit.

A general distribution of much more equalized purchasing power is necessary, but it cannot be attained under a system of producing necessities—food, clothing, shelter, light, fuel, and transportation—under the uncontrolled profit system. If the incomes of all American families were literally equalized, the more indigent and poor would be considerably better off; those who live in moderate comfort would be a little worse off, and those who live in considerable comfort, as well as those who live in luxury, would be much worse off. But there would not be enough to offer all even moderate comfort, much less abundance. It is estimated by the Brookings Institution that absolutely equal distribution of 1929 capacity production would have given to every family about twenty-five hundred dollars. This would not have been a very abundant life, although it would have insured a sufficiency of food, clothing, and shelter.

In order to have a fairly abundant life, production must be controlled by need and desire, not by profits. Control by the profit motive will always keep scarce production of goods which can be produced in plenty, since production for profit must keep production below need and desire. *The chief source of our economic difficulties is the practice of non-production.* In order to have an economy of abundance, production of goods which are potentially abundant must be stepped up to need, and purchasing power sufficient to procure the desired consumer goods must be distributed to all who actually participate in the economic system.

We must choose, in regard to those consumer goods that can be produced in abundance, either (1) to reduce profits by controlling production and distributing purchasing power more equitably, or (2) to continue the present profit system, which means to continue to oscillate between periods of comparative

prosperity and deep depression. The increasing integration and concentration of control of industry, under our finance capitalism, with its piling up of debt structure, means that probably the depressions will prove more intense.

The supreme difficulty in regard to the first choice is how to do it; whether by thoroughgoing Socialism or by gradual and experimental collectivization of the necessities which can be produced in abundance.

Can a planned economy be made to work? The answer depends upon the answers to two other questions: (1) Can enough members of society become sufficiently social-minded in order to carry it out? (2) Can the requisite machinery for carrying it out be honestly and efficiently operated?

This conclusion is gradually penetrating the business mind. At a recent conference of personnel managers the President of the Society for the Advancement of Management, Ordway Tead, argued that business must deliberately and concertedly aim at a spread of purchasing power, which means reduced profits, if it is to avert worse things. I take it he means another depression with the prospect of a social revolution.<sup>10</sup>

The necessity of social statesmanship on their part, if we are to head off a drastic Socialism, seems at length to be dawning on leaders of business and industry if one may judge from the right-about face of the National Association of Manufacturers. Meeting during the first week of December 1935, the officers of this Association gave vent to such sentiments as that the New Dealers are "economic crackpots, social reformers, labor demagogues and political racketeers" (the Association President's utterance). The general counsel spoke of "alien and revolutionary theories being at the foundation of the present and proposed policy of the Administration."

In December 1936, at the same meeting, leading speakers urged business strongly to avoid the evil of business cycles; called on manufacturers to create more jobs, make better goods at lower prices, improve industry's social function, show a wider appreciation of the social responsibilities of business, help supply more work, more money, more leisure, and social security. What

<sup>10</sup> *New York Times*, Dec. 5, 1936.

had happened in the meantime was that F. D. Roosevelt was returned to office by a plurality of more than eleven million votes.

Business and industry are seeing the light that they are forms of social service. If democracy is to be saved and prosper, it is up to the public to tell business and industry what it wants.





**PART IV**  
**COÖPERATIVE DEMOCRACY**



## CHAPTER XXVII

### TOWARDS THE COÖPERATIVE COMMONWEALTH, I

#### 1. THE CHOICES BEFORE US

**E**CONOMIC INDIVIDUALISM is no longer a functioning reality in any highly industrialized civilization. It has been abolished by the growth of mass production and distribution, with concentration of control in a few hands. Therefore, there are only three actual choices before us. These are: (1) Some form of Fascist Dictatorship. (2) Some form of Socialistic Dictatorship. (3) The development of a more Democratic Coöperative or Collective System.

The antithesis set up between Individualism and Collectivism is false. There never was, in the life of the human species, a sheer individualism. It would be anarchy, the primeval chaos. Man is man only as member of some sort of social order. The reply of a political candidate, who was an educated man, to his opponent who boasted that he was a self-made man was: "I am glad to hear my rival's statement, for it relieves the Almighty of a great responsibility." This reply is very much to the point. *There are no self-made human beings.* The realization of human individuality is made possible only by membership in a social order, participation in a social culture. Individualism is a function of collectivity. The really bitter struggles are over the question: (a) Who shall control the social order? and (b) To what ends shall it be controlled?

Our so-called individualistic society has actually become more collectivist at a dizzy pace, with its labor unions, corporations, holding companies, merchants' associations, manufacturers' association, iron and steel institutes, chambers of commerce, trade associations, cartels, gentlemen's agreements, medical associations, bar associations, and so on and so on. Where is the lone wolf? He is out in the cold starving.

What we face, then, is not the choice between restoring rugged individualism, and going on to the "coming slavery" of collectivism. The dilemma is unreal. The real choice is between permitting special interest groups to own the social order, to pile up wealth and power, to suppress freedom of critical speech, assembly, and organization, in order to exploit their fellows; and the public restraint and regulation of privately associated groups for the common good. We live in a collectivistic world that has grown up without integrated planning. The individual is becoming more and more of an abstraction in this world. No individual can live unto himself alone unless he abscond to a deserted island, and there he will scarcely live at all. In our complex society some individuals, who combine energy with good fortune, can find more ways of satisfying their interests than man ever could before. But even such individuals find themselves checked and distracted by the competition of interests. Many individuals have but meager choice, some practically none.

In any case, apart from the great society and the great industries, no individual can live his life in the United States to-day. The forms of control are manifold, and at present are full of clashing gears. The great problem is how to make them synchronize. We did not planfully design these multiple and in-harmonious controls. They just grew, or happened. But, if the aim towards a common or democratically participated-in good life is to be effective, a greater harmony must somehow be achieved among our collective controls. No set of blue prints can be made for this enterprise. It must be worked out experimentally.

One thing is certain, and must be kept in mind—the talk of a return to the individualism of the past, to individual initiative and free enterprise, is unrealistic nonsense, misleading dream stuff. "We seek an order in which a collectivism that was never intended is subdued to the useful and the good; we must be satisfied with an approximation. . . . In a culture that lives and grows an empirical collectivism can never be reduced to the clear cut lines of a blue print."<sup>1</sup>

<sup>1</sup> Walton H. Hamilton, "Collectivism," *The Encyclopedia of the Social Sciences*, Vol. III.

Social philosophy is not an exact science. It cannot begin, like arithmetic or geometry, with axioms. There are no unequivocal axioms in social relations. One plus one may equal two or zero or a crowd. In affairs of the heart two's company, three's a crowd. I have frequently defined social or ethical democracy. Its realization in the great industrial society of the present and future must be based on the following postulates:

1. Every individual shall enjoy, within the limits prescribed by decency and non-violence, the right to criticize any person, public or private, and to express his dissent from any actual or proposed policy. Freedom of assembly and publication, as well as inviolability of person, home, and mail, shall be guaranteed.

2. In choosing representatives, and in voting on all matters of public policy, each individual *literate* citizen, in the possession of his normal powers, shall have one vote and no more.

3. The Government shall have the power to control private enterprise, or to engage in public enterprise, to the end that the greatest possible equalization of opportunity to realize a good life, that is, consistent with maximal efficiency of production and distribution, shall be enjoyed by all.

The qualifying phrase, "consistent with maximal efficiency of production and distribution" is very important, because it implies that we shall be very loth to engage in public enterprise unless it can be conducted at least as efficiently as private enterprise and with more regard for the common welfare. We cannot accept, as established nor even yet probable, that public ownership of practically all the means of production and distribution will be as efficient in promoting the greatest common weal as a controlled and modified Capitalism. The U.S.S.R. is a stupendous and interesting experiment, but the case for wholesale Socialism is not thereby established. The way for us is experimental coöperative democracy.

The burning question before liberal democracy to-day is this: Is it possible to so control machine production as to achieve the approach to economic equality necessary for a decent life without giving up civil liberties? In other words, must we have politico-economic tyranny as the instrument of economic opportunity? In order to get some measure of economic security Italy,

Germany, and Russia have accepted tyranny. Must we either go Fascist or Communist; or else continue to suffer gross economic inequalities, insecurities, and depressions with doles? Or is there a middle way? I believe there is. Whether we will take it, depends on the degree in which the spirit of reasonable conciliation and coöperation prevails among us. If we cannot build a middle way the outlook for Western civilization is pretty hopeless, and liberal democracy is doomed. In the meantime, let it be noted that in none of the tyrannies is there anything nearly approaching literal economic equality. In Soviet Russia there are differences of real income (inclusive of perquisites in the way of preferential housing, automobiles and so on) in the ratio of fifty to one. Among the Nazis leaders get the sugar plums. So, too, among the Fascists.

## 2. GENERAL PRINCIPLES

The third alternative before us is the way of voluntary coöperation, backed by the organized power of a democratic government. In order to develop a genuinely functional or coöperative society it is necessary to use the power of government. For our society is still deeply corrupted by the motive of greed, there are still in it many who will twist any law, method or code to their advantage, who will exploit their fellows just as far as they can. Such predatory scabs must be forcibly restrained and disciplined.

The aims of socialization are these:

1. To secure every member of the commonwealth, who can and will work, the means of a decent life. This includes physical and mental health, security of employment, adequate means of education and satisfying use of leisure, security against sickness and a helpless old age.

2. Any surplus to be used to enrich the possibilities of life, by providing for healthy and interesting means of recreation and culture—parks, playgrounds, music, art and drama, scientific research, esthetic creation.

The practical means for the realization of these aims are as follows:

- (a) Taxation of surplus profits.
- (b) Heavier income and inheritance taxes.
- (c) The extension of public control, and, where it is a case of the best service being monopolistic and state regulation proves ineffective, public ownership of the means of production and communication. Railroads, electric power, telegraphs, telephones, and radio service should be publicly owned, if they cannot be effectively regulated under private operation. Possibly also, coal, gas and oil, since these are natural monopolies.

I do not see any necessity for public operation of most manufacturing industries, agriculture, or the instruments of distribution of the products. The public must be protected against fraud and harmful adulterations in foods, drugs, and so on. Facilities should be developed for the expansion of coöperative methods of distribution. Marketing facilities for food products should be promoted by public agency.

- (d) The public control of investments to prevent the worst forms of gambling, dealing in margins and broker's loans. This includes regulation of the issues of securities as well as of the stock exchanges. If the gambling instinct must be satisfied, let there be government controlled lotteries.

- (e) The conduct of industry should be in the hands of the experts—the engineers and other technicians, with the workmen having a voice in the conditions of work.

- (f) Above all there should be a National Advisory Planning Board or Council. A planned economy of production and distribution is essential to a more equitable enjoyment of the benefits of mass production through technological efficiency.

- (g) Housing conditions. It should not be difficult to determine what constitutes the economic conditions of a decent minimum comfort level. The National Industrial Conference Board has determined it several times in recent years. It would vary somewhat with the locality and should be adjusted to meet local conditions. Rents in towns and cities could be much more standardized by regional Housing Boards. One of the chief means of exploitation and of reaping unearned values has been the promotion of real estate subdivisions. Land values and rents have been raised sky high by artificial methods. The unearned



increment should be taxed heavily. In short, land values should be socialized. The land-grabber should be eliminated.

(h) Price control. If codes restricting competition and permitting a limitation of output by agreements between producers are recognized by law, as in the defunct NIRA, the inevitable consequence is the public regulation of prices by boards of cost accounting, which will have authority to *fix maximum prices in the necessities of living*. So long as any scope is given for the operation of the profit motive, in other words, so long as we keep away from a drastic socialistic system, and at the same time permit combinations in restraint of production and trade, which is precisely what was done under the NRA, manufacturers and others will take advantage of this situation to charge all that the traffic will bear. *The motive of profit is too deeply engrained in our economic life and the force of greed is too strong to give a free rein to any group*. Self-government in business and industry is all very well when it is socially minded, but the history of the country up to the present moment indicates that the proportion of business and industrial people who will take any advantage they can to make large profits is large.

But we must not deceive ourselves. It will be impossible to develop a coöperative system, in which buying power shall be more equitably distributed by shorter hours and high wages, without social compulsion by governmental agency.

### 3. METHODS OF CONTROL

The most crucial questions in regard to the public control of industry and business are: How far shall it go and by what methods? The logically simple alternative is all or none; either complete ownership of the chief instruments of production and distribution or "hands-off." The latter is impossible. It has not existed for years. Large-scale industry requires regulation. The former is Communism, a thoroughgoing state socialism. This would not be desirable under American conditions, nor would it be possible unless our economic order had fallen down completely. We wish to preserve as much liberty of initiative as possible, and at the same time to achieve a more equitable distribution of

the means of subsistence, to insure a more democratic range of opportunity for our people to enjoy the good life. This means experiment and compromise. Here it is possible only to formulate some general principles.

The chief virtue claimed for the minimum of public control is that private industry and business for profit is more productive and more efficient than public ownership, or than a somewhat rigidly controlled private enterprise. Well, the history of the five years from 1929 to 1934 demonstrates that enterprise for profit is too productive only in terms of incapacity to buy the products on the part of the mass of the consumers. Increasing production rolling up like a snowball, with the major part of the profit going to the enterprisers, had not been accompanied by any corresponding increase of buying power to the consuming public. So we went into a tailspin. Purchasing power declined and, as it declined, workers were discharged, factories curtailed or ceased production and consumption power kept on going down. In the spring of 1932 the Federal Reserve Board loaned one and a half billion dollars to the banks to stimulate industry. But industry was afraid to borrow because it had a shrinking market, and the banks were afraid to loan. An increased consuming power widely distributed is the indispensable condition of industrial health. Ethically and humanely, production exists for consumption.

Moreover, the system of production was not efficient. The overhead costs were too high, and these high overheads were due largely to enormous salaries and bonuses paid to officials and financial directors, who were certainly efficient in getting swollen incomes. Mention has already been made of some of the high salaries. From the standpoint of a very small stockholder and an humble citizen, I think that the incomes of many executives of great corporations have been and still are nothing short of organized legal plunder, made possible by the tremendous buying power of the American public and its impotence to regulate industry and finance.

The unmodified continuance of the absence of control, in the face of mounting organization and monopolization of finance and industry could have only one of two issues: (1) Increasing eco-

nomic serfdom of the mass of the American people, or (2) violent and catastrophic revolution therefrom.

Interlocking directorates have been means of achieving monopolies. This is especially the method used in pyramiding utilities into holding corporations. The official Secretary of the Electric Bond and Share Company held 240 directorates. Fourteen persons held from 212 to 100 directorates. In one case the utilities earning the income (Richmond Light and Railroad Company) was eleven times removed from the top company, the Associated Gas and Electric Company. The Staten Island Edison Company was ten times removed. These pyramided concerns, with individuals legally controlling to an extent that would be physically impossible, cannot be efficient. Public regulation of rates of monopolistic utilities has failed. New devices of organization escape the laws. The laws are either framed to leave loopholes or are not administered efficiently. The explanation is plain. There are forty-nine law-making bodies in the United States, most of them bicameral. There is constant conflict of interests and lack of information.

All natural or artificial monopolies should be either publicly owned; or controlled by the presence of representatives of the public on their boards of directors. The railroads, the telegraphs, the telephone systems, the electric power plants should be either publicly owned or effectively controlled. Mining rights should be vested inalienably in the public.

The operation of coal, oil, and gas should at least be controlled by the presence of public representatives on the boards of directors; perhaps they should be publicly owned. Certainly, if they fail to secure fair prices and rates and the elimination of waste under private operation, public ownership must come.

It will be said that to extend public ownership or drastic control will be to introduce political corruption, bureaucratic inefficiency and waste on a far more extensive scale than exists under private ownership and relative freedom from control. My replies to this are as follows: The chief cause of political and administrative corruption now is the influence of private greed. There is plenty of waste and inefficiency in private business. In so far as we have a merit system of public service in operation,

it is competent and honest at a reasonable cost. The Federal Departmental Services are, in the main, of this character. Politics is a far less corrupting influence there than in State services; less in State services than in municipal services. It will be necessary, under the extension of public ownership and control, greatly to extend the area of public service and insist on it.

The way to achieve this end is to have a much smaller number of politically responsible public agents, from the President down, and hold them responsible.

It will be easier to do this than for millions of small stockholders, scattered all over the country, to reform the affairs of large irresponsible corporations controlled by a few men through holding corporations, the issuance of non-voting stock and all the other devices, by which an irresponsible handful of Napoleons of finance and industry are able to juggle with the earnings of useful and valuable production and utility concerns to their own advantage.

In all business conducted for private gain the public agencies must be employed to insure open competition.

*Price Control.* Price fixing is carried out by trade agreements. These are achieved by persuasion of mutual advantage and, where this fails, by blocking bank credits, preventing purchases and hindering sales by the concerns refusing to come in.

In estimating prices to be charged under trade agreements the price is fixed so as to allow a handsome profit for the less efficient concerns. In cost accounting the fixed overhead of salaries and equipment is often charged against the sales, irrespective of their amount, and wages are scaled down or prices are boosted to meet the idle overhead. For example if a factory sells one million units at overhead cost of one dollar per unit and an equal labor cost, and wages and prices are computed on this basis, it is obvious that when production goes to one and one-half million units without increase of labor or equipment the overhead cost per unit has been reduced.

In determining costs, the amounts charged for depreciation, obsolescence of machinery and selling costs are very variable. We have seen how these amounts are padded in public utility accounting.

#### 4. DIFFERENT TYPES OF CONTROL OF PRODUCTION AND DISTRIBUTION

There are three main types of productive activity. First, we can distinguish between industrial activities which are concerned with supplying *basic conditions of living for all* (such as food, transportation, fuel, and light); and activities that supply *non-indispensables* (such as jewelry, cosmetics, fine clothing and furniture, works of art, superior automobiles).

Within the first type some economic services, to be most efficient, must be monopolistic—railroads, electric power and light, telegraph, telephone, and so forth. Others, such as food raising, are not inherently monopolistic.

Thus we get three classes of economic activity. (1) *Basic monopolistic services*; (2) *Basic but non-monopolistic services*; (3) *Non-basic non-monopolistic services*.

*Basic Monopolistic Services.* With respect to these services, it may be that the greatest efficiency, the best service at the lowest cost, will be, in the long run, achieved by public ownership and operation. This already applies to the postal service. It could be extended to the railroads, telegraphs, telephones, and to electric light and power, subject to fair competition with private enterprises of the same kind. I believe it might also be applied to coal and oil.

In respect to such matters as electric light and power, the National Authority would sell power to states and municipalities. The same principle would hold true of the telephone.

There is a great danger in the nationalization of the larger industries; producing goods of basic need, such as steel, with very large numbers of employees who might exert an undue influence on the prices and wages. They might use their power primarily to aggrandize themselves, regardless of the great mass of consumers. They might, indirectly through the government, exercise a baneful influence on the management of the industries themselves. In dictatorships wages and prices are regulated from above. And even in Soviet Russia there is much complaint of graft and favoritism in the distribution of bonuses, sick-leaves, and so on, on the part of the trades unions. If we do

not want a dictatorship it is better to retain as much private enterprise as possible. Just as public control and public operation are checks on private monopolies, so private enterprise is a check on bureaucratic graft and inefficiency in public affairs.

The feasibility of an effective public control or operation depends on the prevailing of the spirit of genuine democratic operation. No machinery of either state or private operation works automatically regardless of effective motivation. Unless the spirit of coöperative democracy prevails there is no escape from either public or private tyranny. The indispensable condition of public enterprise for the common good is the removal of its administration entirely from the arena of partisan politics. If we are to keep political democracy and go on to socialized democracy, there is no other way than the recognition that public operation requires control by an independent body of civil servants.

*Basic Non-monopolistic Industry.* With respect to basic non-monopolistic services, such as producing and distributing food, clothing, building materials, there is room for a wide diversity. There is a large field here for voluntary coöperation, among both producers and distributors.

The State regulation of services in this category would be confined to:

1. Insuring fair competition.
2. Preventing unfair price fixing by cartels and trade associations.
3. Protecting investors by regulating the sale of securities.
4. Protecting the consumers against harmful adulterations and fraud.

It would be foolish for one not an industrialist to outline plans of organization for the second group. Moreover, it is quite superfluous. The organization must vary with the type of enterprise. Producers and consumers coöperatives would have one type; purely private joint-stock enterprises various types. All that the government, representing the public, is concerned with is honesty in management of the public's investments, in the products used and the maintenance of fair price levels by competition. Any enterprise that is not nationalized, because

not monopolist, must be kept in the competitive market. It must not be permitted to be monopolistic in secret, with a false front of competition.

With respect to investment, management of securities, salaries and profits there must be publicity by an extension of the Federal and State trade commissions.

*Non-basic Non-monopolistic Services.* With respect to these services, the public regulation would be limited to: (1) Protecting investors by the regulation of the sale of securities. (2) Protecting consumers against fraud and dangerous adulterations.

This plan is obviously a compromise between economic individualism and complete socialism. It is a compromise based on three principles. (1) It is quite feasible to determine the basic economic minimal conditions of decent living and fair opportunity. (2) It is also feasible to determine, among the basic needs, which are monopolistic and cannot be effectively regulated for efficient service, and therefore must be owned and operated by the public; and which can be regulated because monopolization is not essential and not even desirable. (I cannot see that State farming is desirable. Farming is more than a productive enterprise. It is a way of living that has precious non-commercial values. I am opposed to public collective farms for this reason.) (3) There is a wide place for private enterprise in non-necessities, or luxuries, new enterprises, improvements in old things and the production of entirely new things. A society which still leaves a wide scope for private activity is better. It will be more energetic and more diversified than a complete socialism.

This plan also admits of considerable differences in incomes and possibility of the acquisition of considerable wealth. It would fix a maximum of income, ownership of wealth and of inheritance.

No society that aims to be progressive in the enrichment of human life, by the control of nature and the provision of means for intellectual and esthetic elevation, can afford to treat all its members as in all respects alike or equal in their powers and social utility. This would be utterly disastrous. Even Russia is not doing it. To attempt it would be to invite social arrest and decay.

Individuals are, and will continue to be, born different and unequal in every respect—physical, emotional, intellectual, esthetic, and even ethical powers. We can control production and distribution, so as to give all a fair chance. That is enough. To say, for example, that every one that thinks that he wants to go to a university and get a degree should not only be allowed to, but supported in so doing, would be to wipe out the distinction between a university and a primary school. This would be to ruin all qualitative standards. At the present time almost the only limitation on attendance at many colleges and universities is financial. Any youth who can command the modest costs and who is not an utter idiot can go to college. There are so many privately supported colleges who are anxious to get the fees to tide them over financial stress that conditions of entrance and continuance are low. Many strong state universities are required to admit all graduates of accredited high schools. Standards of accrediting are low. There is constant local pressure to graduate every one who remains long enough. But a limitation of students based on their financial resources is exactly the wrong one. Many of the highest students come of poor families, many from well-to-do families are dull or lazy. The promising students should be subvented, the lazy ones financially penalized by paying high tuition fees. The same principle applies to other fields. An inventor, a discoverer, an artist, an architect, a writer should be able to reap modest rewards. It is, for example, discouraging for competent scholars and teachers in universities to receive no more financial reward than mediocre and poor scholars and teachers. It is a positive handicap to their doing their best work; not to be able to afford books, travel and foreign study; not to have sufficient leisure for work. It is an equal handicap for creative workers in any line.

The chief reward is not financial. It is socially undesirable that the enterprisers and promoters alone should reap the proportionate rewards in affluence, prestige and power. Those who do creative work for the advancement of prosperity and culture should be able to get the tools, the time and opportunity they need and also receive the reward and recognition.

There are various sorts of profit, but financial profit should



not be the one or chief effective form. It will be undesirable for society to try to eliminate suddenly the profit motive; not to give reward in either income or recognition for outstanding merit. What is needed is, not to eliminate pecuniary profit, but to distribute its incidence more widely and to put it where it belongs in a position of subordination to other forms of social prestige and power; honor and social influence to be accorded more generously to creative and promotive contributions in economic administrative and cultural progress.

There is nothing the country needs so badly as the general and effective establishment of the principle of merit in the productive, administrative and cultural activities of society.

#### 5. NATIONAL PLANNING FOR PRODUCTION

The technical experts in the various industries should constitute the planning boards. There should be regional planning boards, perhaps covering the same areas as the Federal Reserve regions. These regional boards should head up in a *National Planning Board* or *National Economic Council*. The functions of the regional boards would be to determine the probable market for goods produced in both the domestic and the foreign fields for a term of years. Their findings would be coördinated by the National Planning Board, which must include representatives of the general public or consumers. Mr. G. Swope proposes that this Board should be under the wing of the National Chamber of Commerce. In this way we might get a financial dictatorship, a commercial Fascism. Henry L. Harriman, in the *New York Times Magazine*, December 23, 1933, said that while American business believes the profit motive still to be effective and legitimate, business leaders have learned that coöperation with one another and consideration of the interests of the consumers must be paramount. He also holds that a planned economy is absolutely essential. The dilemma is that compulsory planning involves so much regimentation and voluntary planning might not function. The happy medium would be a decentralized but coördinated planning system in which all groups of producers would coöperate freely. The National Planning Board must be repre-

sentative of three groups: (1) The technical experts of industry. (2) The general public or consumer's interests. (3) The owners of the capital securities.

The function of regional and national planning boards would be to coördinate production and distribution of their many subdivisions.

The greatest obstacle to the installation of anything like an inclusive system of economic planning is the extreme complexity of our economic life. No national planning board could ration our materials and production in all large industries without a reduction in the variety of products. Consider the great variety in electric products, in foodstuffs, clothing, even in automobiles and radios. If our people are to have the wide range of choice in quality and price that they now enjoy, there must be much free play left for private initiative and enterprise with the risks involved. Only in a country such as Russia, where the masses have never been accustomed to a variety of choice in machine-made products, could a system of economic planning operate on an inclusive basis. To put into effect such a comprehensive system here would require two revolutionary changes.

1. Collective ownership of nearly all the instruments of production and distribution.

2. A great reduction in the variety of products offered to the public especially in the light industries.

I believe that our general social attitude, our habit of being accustomed to a wide range of variety in choice, stands in the way of inclusive economic planning. Not only is there much competition within each industry, but there is competition between industries. What shall I buy now with my surplus? Shall I buy a new radio, a new set of metal shafted golf clubs, a new suit of summer clothes, a set of books, or shall I make a down payment on a new automobile? Shall the housewife purchase a new radio, a new electric sweeper, a new dishwashing machine, or a new gown?

With a comprehensive collectivistic control we should have to give up more than private enterprise. We should have to give up, as consumers, a considerable variety of choice in products.

Short of a thoroughgoing Socialist system the only way for

public control is by compensatory adjustments, increase of wages, spread of employment, price inflation for depressed industries such as agriculture, regulation of security issues, of marketing methods, excess profit taxes, unemployment and liability insurance, old-age pensions, better housing programs, public promotion of cheaper power and light, control of transportation and communication.

National Economic Planning must either be chiefly advisory, or else we must adopt wholesale Socialism. For, just so far as compulsion goes, in carrying out plans made by governmental agency, just that far we have State Socialism.

#### 6. PUBLIC WORKS AND OTHER PUBLIC CONCERNS

Public Works cover an immensely important and varied field. It includes highways, waterways, airways, electrification and power, irrigation, land reclamation, reforestation, national parks and playgrounds, public buildings.

A beginning has been made in the establishment of state parks, and the National Parks are splendid. But there are still far too few state parks in most of our states, and the National Parks are so distributed as to be practically inaccessible for most of our people. The development of parks should be in coöperation with flood control, land reclamation, water storage, and nationally operated power facilities. There is no part of the United States that does not need much social engineering in this sense.

#### 7. EDUCATION

With regard to education we are still deficient in high standards for teachers. The teaching profession must be given a higher social and economic rating.

Students who display exceptional ability should be subsidized. Those who say that if brilliant but poor students are subsidized they fail to do their best are totally ignorant of the psychology of the born scholar.

Education and Culture are sufficiently distinct to require distinct administrative agencies. There should be in the Cabinet a

Secretary for Education and Culture. The functions of this department include the raising of educational standards by Federal regulations and aid in the schools and colleges, grants-in-aid of research and creative work.

Why should we depend on the Rockefellers, Guggenheims and such for the support of scientific and scholarly research and creative work in literature and the fine arts?

Why should we be unable to spend a few thousand dollars a year to enable gifted thinkers, investigators, poets, painters, or scholars to do good work? They do this in Europe and even in Canada. Why not in the United States? In the WPA a beginning has been made in this field with good results. It should be continued.

#### 8. Low-cost Housing

The housing problem is of great urgency. Private enterprise has never been willing to engage in slum clearance. In this, the richest country in the world with ample space and a superabundance of materials, we have some of the worst slums and a large proportion of dingy, ugly, unsanitary dwellings. On the other hand, no division of our economic life has afforded more opportunity for unchecked greed, fraud, chicanery, and municipal corruption and waste than real-estate promotion. I have seen acres and acres of suburban subdivisions in Los Angeles and elsewhere, sparsely built up with most of the houses unoccupied; but with paved streets, gas, electricity, water, sewers, and with the municipality paying for the improvements. The single tax on the unearned increment of land values would go a long way towards defraying the costs of slum clearance.

On the other hand, the building of cheap but good standard apartments and houses would be a paying investment for any city.<sup>2</sup> It would not lose money but this is not its single justification. Worthy lives of human persons are the final justification for any social and economic system. The ultimate and damning judgment on our rampant laissez-faire commercialism is that, in

<sup>2</sup> Stockholm acquired land on its outskirts years ago and now assists families in the lower income groups to build attractive dwellings, on low ground rentals, without cost to property holders or loss to the city.

the manipulation of the richest instruments of natural resources and human powers of production, it has thwarted and degraded human capacities. It has bred starvation, poverty, slums, vice, crime, manifold corruption in the body politic. A beginning was made towards the promotion of low-cost housing by the establishment of the Federal Home Loan Bank with its subsidiaries, and the Federal Housing Administration. The latter agency, created by the National Housing Act of June 27, 1934, by insuring mortgages financed by private agencies up to 80 per cent of the value of the property, enables householders to build or improve their homes at low interest rates. The Wagner-Steagall Act, passed by Congress in 1937, provides for Federal assistance with local coöperation in the construction of homes for families in the lower income groups. The cost is limited to from \$1,000 to \$1,250 per room, according to the prevailing scale of prices for real estate in the communities. Occupancy of such dwellings is restricted to those families whose incomes are not more than five times the rental values of the homes. This act is a significant step forward.

## CHAPTER XXVIII

### TOWARDS THE COÖPERATIVE COMMONWEALTH, II

#### 1. PUBLIC CONTROL OF INVESTMENT

WE ARE CONFRONTED with a new world. In the earlier phases of mass production by the machine it was primarily individuals who owned and controlled large units of production and distribution. Now it is corporations. The stockholders are widely distributed, and have no effective control. The vast majority of them do not vote. The control is in the hands of small groups of financiers or directors who are not responsible to any one. What we have is practically an almost anonymous autocracy or plutocracy. Berle and Means found that in 1929, while there were over 300,000 non-banking corporations in the country, 200 of these controlled nearly half of the corporate wealth. Smaller companies, buying from or selling to other larger companies, are likely to be influenced by them to a vastly greater extent than by other smaller companies with whom they might deal. In many cases the continued prosperity of the smaller company depends on the favor of the larger. The larger company will often have a great influence on prices by reason of its size, and may have great political influence. Most major industries in the United States are dominated by huge corporations with assets of \$90,000,000 and upwards. The large corporations as a group were growing in 1929 over two and one-half times as fast as smaller corporations. It would take only forty years, at the 1909-1920 rates of growth, for all corporate activity to be absorbed by 200 giant companies. The huge corporation is becoming the industrial unit with which American economic, social and political life must deal.

Up to the present there have been two partially effective conflicting theories as to the equitable social status of the corporations. The first is that the corporation belongs absolutely to those

who hold its securities, and its directors must be treated as responsible trustees for the inactive and irresponsible investors. This doctrine has not been effective. The great corporation lawyers seem to have held that the men in control of a corporation can operate it in their own interests and divert income to their own use. This has been successfully done in the security affiliates of great banks and in the manipulation of the great holding corporations. This is the second theory of corporations.

This means a corporate oligarchy, with opportunity for corporate plundering. The ownership of stock is so widely distributed that security holders are passive and have no control over or responsibility for the effective control. The multitude of security owners can exercise no effective control. Control by an oligarchy of financial manipulators is highly dangerous and inimical to the interests of consumers, as well as of security holders. What is the remedy? *Control by the whole community* in the interests of consumers, workers and stockholders, through the medium of governmental agency.

The mechanism of community control is a problem to be worked out experimentally. It would certainly involve the following principles:

1. All corporations, above a certain minimum, would be required to be *Federally incorporated*. Their securities must be bona fide, and issuable only under Federal permits.

2. Maximal dividends on such securities would be fixed by the Federal Administration.

The speculative gambling in securities has been the most spectacular in the millions made by the manipulators, and the most disastrous, in the piling up of debt structures, of all the reckless greed-impelled activities in our great society. In the seventies railroads were the great examples. Lately it has been in public utilities and manufacturing. There is, for example, a sound local or regional gas and electric company earning good dividends. This is gobbled up by a holding company along with other similar companies. This holding company in turn is gobbled up by a super-holding company. The organizers of the holding and super-holding companies float large capital issues, for a part of which the securities of the sound actual utility companies are exchanged.

Large blocks of the holding company securities are presented to themselves, or bought for little or nothing by the organizers. The rest is sold to the public through investment brokers and bankers. The dividends on immense issues of securities, for which little or nothing has been paid, must be provided from the earnings of the actual utilities, which also have to carry heavy overheads in the matter of salaries for the promoters and their friends and relatives. It does not require a very great decrease in earning power to make it impossible for the actual utilities to carry enormous loads of par securities, for which perhaps not ten cents on the dollar have been paid. Similar stories can be recounted of great bank mergers, in which the organizers and directors, using other people's money, have made loans on real-estate promotions, railroad manipulation, immense building enterprises.

The legitimate purposes of the Market Stock Exchange is to afford a market for securities; of the Chicago Grain Board to afford a market for grain. When great blocks of securities are bought and sold on margins; that is, when the buyers do not own the stock but pay or keep on deposit say 10 per cent only of the value of the stock they buy, obviously they are not doing this to further steady legitimate investment. Buying on small margins, brokers' loans, pegging the market, watering stock, must be made difficult and dangerous to the operators. The only effective remedy for this condition is a uniform law in regard to the issuance of securities—either a Federal law alone or a standard law effective in all the states. To require Federal incorporation is the simplest way.

The Federal Securities and Exchange Commission (SEC), administering the Securities Act of 1933, Securities Exchange Act of 1934, and the Public Utility Act of 1935 is aimed at these problems. Certain securities are exempt from its operation, such as Federal, state and municipal bonds; the securities of national and state banks, and so on. For the sale of all other securities the use of the mails and other instruments of interstate commerce are forbidden, unless the securities are registered with the Federal Commission. It is required that detailed information be given in regard to the following items: the names, addresses, and functions of those connected with the issue, including all



directors and officers of corporations underwriting the security; all persons owning more than 10 per cent of the security and the amounts such persons own or subscribe for; the disclosure of the capital structure of the issue; the amount, purpose and characteristics of the security; the salaries paid to directors and officers; the prices at which the securities are to be offered to the public; the commissions to be paid for their sale; all provisions in regard to the properties acquired by the securities; full information as to contracts, balances and profit and loss statements of the issues and of any enterprise which the issuer may acquire; copies of agreements with underwriters and others; copies of contracts of incorporation. There are provisions for making public this information. There are remedies provided by suits against persons concerned. There are provisions for criminal proceedings.

This Act covers the ground very well. It does not provide for the taxation of excess profits. That is a matter that comes under general taxation. We had an excess profits tax during the war and we should have one now.

The objections that are raised to such control are that it will hamper business by putting too heavy a load of restriction on the issuance of securities, and that by limiting profits it will put a damper upon energy and individual initiative. The obvious reply is that the enormous development of industrial and financial corporations has put profits and power in the hands of a few. The lust for huge profits and power has brought insecurity to the owners of stocks and bonds who often have lost all or nearly all of their invested savings, while it has not resulted in the reduction of prices. Electric light and power costs much more in New York State than in Ontario where it is government owned and operated.

There is only one choice open in the interests of the mass of consumers and investors: either governmental control in the interests of the whole community or full public ownership and operation. Unless those now in control and ownership are willing to operate their concerns subject to control they must face the abolition of private ownership and operation.

The more effective Federal regulation of all banking has been

provided by the establishment of the Federal Deposit Insurance Corporation and the increase in the powers of the Federal Reserve Board.

## 2. COÖPERATIVE SOCIETIES

No more striking evidence of the shortsighted individualism of American society in its economic aspects can be found than its failure to develop strong coöperative societies. In England and Scotland the coöperative societies play a significant part in the economic life. The Coöperative Wholesale Society of England and Wales is the largest business institution in England. It consists of 1,052 member societies—customers and owners of the C.W.S. It has 5½ million member-owners and 45,000 employees. Its capital is 450 million dollars. It owns 150 factories and business buildings, and a number of ships. One sixth of the retail trade of the country is done through the co-ops. In 1933 they distributed to their consumer-members over a hundred million dollars in dividends. In private business, this would be profits; in coöperate business, it is redistributed purchasing power. The C.W.S. manufactures houses, house furnishings of all kinds, clothing, boots and shoes, drugs, soap, rope and twine, leather goods, bottles, radios, and so on; it processes foods of all descriptions. Together with the Scottish C.W.S., it owns 35,000 acres of tea plantations in India, Ceylon, and Assam. It owns 29,000 acres of farm land in England. It mines coal. It buys from farmer's marketing coöperatives in other countries. It has a C.W.S. Bank with deposits and withdrawals averaging \$60,000,000 a day. It has a large coöperative insurance company. It has a coöperative college. Together with the Scottish C.W.S., which is the largest single business in Scotland, there are nearly seven million British coöperators. Since nearly every coöperator-member represents a family there are probably nearly thirty million coöperative-consumers in Great Britain. In 1929 the consumer's coöperative movement in Great Britain and Ireland together had a membership of over 10 per cent of the population and represented the heads of between one-half and one-third of all the families. In 1929 the English and Scottish Joint Coöperative Wholesale So-

ciety, Ltd., had a trade of £8,810,000. In 1929 the retail societies and the two wholesale societies (English and Scottish) had a total production of £73,945,000. The total number of workers employed was 226,610 (the number had nearly doubled since 1913). In 1929 the assets of the Coöperative Insurance Society were over 10 million pounds.

In South Africa the coöperative movement is strong and growing. Agricultural coöperation is growing in New Zealand, Australia, and Canada. In India credit coöperatives are developing among the peasants.

On the continent of Europe the strongest coöperative movements are probably those of Switzerland, Belgium, France, Czechoslovakia, Russia and Scandinavia. In Switzerland the Consumer's Organizations represent more than 40 per cent of the population. The agricultural coöperative movement probably includes the entire peasantry. The Belgian movement is confined mainly to the industrial and mining centers. It includes distribution, production, and banking. It had in 1928, 342 *Maisons du peuple*; educational and recreational centers with restaurants, theaters, libraries, lecture and concert halls.

In France the Consumer's Retail Coöperatives did a business in 1928, of 3,353,000,000 francs. There is a large central coöperative bank. Credit coöperation and agricultural coöperation for purchase, production, marketing and credit are well developed and growing.

In Czechoslovakia the Czech and German coöperative movements together numbered about 600,000 members in 1929. The Hungarian coöperatives unite producing and consuming functions. In Poland 3½ millions (11 per cent of the population) are members of coöperatives. In Romania, Bulgaria, and Jugoslavia coöperation is growing.

The largest rôle played by coöperatives is in Russia. Before the revolution the coöperative movement was strong in Russia. It has been fostered by the Soviet Government. In 1922 the Consumer's Coöperatives had a membership of 33½ millions, and did 66 per cent of the nation's retail trade and 56 per cent of its wholesale business. The new Five Year Plan called for a membership, by October, 1933, of 47,000,000 and control of 70 per

cent of the trade. Credit coöperation was first destroyed, and later restored and promoted as a part of the socialistic economy. Agricultural coöperation was highly developed before the revolution. It was temporarily encouraged, later being absorbed by the collectivization of agriculture, now again on the up-grade.

Coöperatives play a very important part in Scandinavia.

The Denmark coöperatives probably play the greatest part of any in the world, in relation to the total economic activity of the nation. For example, they handle 85 per cent of the bacon and 40 per cent of the butter.

In Sweden, the K.F. (equivalent to the British C.W.S.) manufactures cash registers, tires, goloshes, electric bulbs, flour, margarine, fertilizers, and so on. It broke the cartels in electric bulbs, flour, margarine, rubber products, and fertilizers. Although only twenty-five years old the coöperative movement in Sweden has 800 consumers' societies operating over three thousand five hundred stores and serving about 30 per cent of the total population.

In Germany and Italy coöperation had a stronghold, and has suffered a temporary curb from the dictatorships which are tied up with the profit system.

In the United States consumers' coöperatives are developing fast, especially among Middle-Western farmers. The growth of coöperation has been hindered by the intense economic individualism and by the active opposition of a small minority who profit most by the unrestrained profit system, together with the inertia of the majority. The coöperative movement is one way in which, while the buncombe of party politics and the spoils system still goes on a-ain, the American people can take their economic destinies in their own hands, achieve partial economic freedom, prepare their children's characters for the Coöperative Commonwealth and lay its foundations firm and lasting.<sup>1</sup>

There are various forms of credit marketing and consumer's coöperatives in Japan. Coöperation is being promoted in China also.

The chief economic weakness of the coöperative movement

<sup>1</sup> See further, Howard A. Cowden, *A Trip to Coöperative Europe* (Consumer's Coöperative Association, North Kansas City, Missouri); and Marquis W. Childs, *Sweden, the Middle Way*.

is its inability to compete with profitistic capitalism in fields requiring very large aggregates of capital, for example, in public utilities, and the production of steel and automobiles; also in banking and insurance.

Moreover, in so far as the coöperative movement keeps aloof from political movements for social transformation, it does not enlist large numbers nor have marked effects, for example, in the United States and Canada. In the countries where it has been most successful it has been linked up with political movements; in England with trade unionism and the Labor party, in Belgium with the Socialist party, in Denmark with the great folk school movement which is really due to the coöperatives, in Russia with the Communist movement. Nevertheless a movement which already includes probably about one hundred million members in thirty-six countries, who are animated by the initiative of mutual self-help in social amelioration, has also a great educative function—namely, to challenge the people to take their economic salvation in their own hands and neither to submit supinely to be the prey of profitistic capitalism nor to follow political adventurers. It is bound to have increasingly important political as well as economic repercussions.

### 3. STATE REGULATION OF PUBLIC UTILITIES

This has been attempted everywhere. It has not been a great success. State public utility commissions fail to go behind the book values set up by public utility corporations. These are generally padded by inflation of the property values.<sup>2</sup> In the *New York Times* in recent years there have been frequent reports of the inflating of the property values by the Associated Gas and Electric and its subsidiaries, by the Consolidated Gas Company and others. These have been uncovered by the Judge Mack Investigating Committee established by legislative action.<sup>3</sup>

As I write this, there appears a summary of the final report of the Mack Utility Commission of the State of New York. It finds, among other things: That regulation has so far been a

<sup>2</sup> Compare Chapter XIII.

<sup>3</sup> *New York Times*, Feb. 5, 1935.

failure although not more so than in other states; that utility holding companies have been guilty of a great many abuses, far more than the benefits they have conferred on their operating companies justify; that extensive rate-base padding has been carried by the holding companies; that inflation of capitalization widely obtains and that it forces the maintenance of high rates to consumers to pay dividends and interest on the inflated issues. The Commission thinks that, by increasing its personnel and funds and by changes in the regulatory laws, regulation can be made effective.

The railroads are another notorious instance of inflation. The disputes that drag on for years over telephone and gas rates illustrate the ineffectiveness of public regulation. The government has wastefully subsidized the merchant marine. I journeyed to Greece in twenty days on a freighter which, in order to fulfil the terms of its mail subsidy, carried a sack or two of parcels post. The whole proceeding was a farce.

The NRA failed as a regulatory system. But control without ownership can be made effective. Examples are the agricultural controls in Great Britain and the Central Electricity Board (British Grid), and the beet-sugar controls in Australia.<sup>4</sup> The British Grid is a controlling middleman. It owns only the transmission lines and enforces low-cost generation and wholesale power.

#### 4. PUBLIC OWNERSHIP

The objection raised to public ownership is that it always results in a vast politically controlled bureaucracy, wasteful, inefficient, and corrupt. This need not be the case at all. The operation may be in the hands of state corporations, with the State or municipality owning the stock or with a combination of state ownership and minority private ownership of bonds and stock certificates. There are a number of models of public business in successful operation. In these cases the corporation is responsible for its own debts, can sue and be sued, make profits. It can hire and fire its employees like any privately controlled companies. The German Railroad Company is a gov-

<sup>4</sup> Stuart Chase, *Government in Business*, pp. 228ff.

ernment owned corporation. The V. I. A. G. is a huge German government holding corporation. The Hydro-Electric Power Commission of Ontario is a corporation for which the Government of Ontario raises the capital. It owns and controls generating plants and transmission lines and sells power to the municipalities. The Canadian National Railways is another government-owned corporation. It has suffered, not from politics, but from the depression, and the fact that it took over a bankrupt private system at a high valuation. It had to take over this system because the Dominion and Provincial Governments had guaranteed the bonds. The Swedish broadcasting control is a corporation in which the Government holds the controlling interest and private capital a minor interest. The government monopolizes the broadcasting service, as in Great Britain. This form of state monopoly is now being extended to processing and wholesaling coffee.<sup>5</sup>

The major Russian industries are organized as state corporations. Examples are the Steel Trust, the Sugar Trust, the Clothing Trust.

Even the United States now is heavily in the business of state capitalism; there is first the postal system. The Reconstruction Finance Corporation has about four billions of assets. It has loaned over nine billions. In April 1935, Jesse H. Jones stated that the Reconstruction Finance Corporation owned or controlled: *three* insurance companies, *one* railroad, *one* real-estate mortgage company, four million bales of cotton; many national banks. Other instances of state capitalism in the United States are the Agricultural Adjustment Administration, Federal Reserve Board, Federal Savings and Loan System, Home Owners Loan Corporation, Federal Housing Administration, and so on.

The largest of all controls is, of course, the management of currency. Ultimately Banking and the Credit System will have to be nationalized. Private banks may continue.

In brief, the policy proposed is a gradual extension of public control and public ownership—an experimental expansion of co-operation by a combination of private enterprise with necessary regulation of consumer's coöperatives, public controls and public

<sup>5</sup> Marquis W. Childs, *Sweden, the Middle Way*.

ownership in the case of monopolistic public utilities and perhaps basic industries.

The two stock objections are: 1. Regimentation, loss of liberty. I have discussed this objection at various points. Here I need only say that, after living on the North American continent for sixty-six years, I am convinced that what the great majority really want is a decent chance at a modest livelihood for them and theirs, with modest security against sickness and a helpless old age. They want decent homes, sufficient food and clothing, and opportunity for education and recreation. The minority, who howl and gnash their teeth against regimentation, are, for the most part, the self-chosen Lords of Creation—those who believe they are the Great Ones, chosen by Nature or God, to exploit nature and their fellows, to exercise power. Their justification is that they are superior in intelligence and good-will, as well as in native ability to boss the economic and social life. As I have already insisted more than once, liberty is a hollow mockery to people who are starving or even undernourished and living in squalor. The effective uses of liberty are available only to those in physical and psychical health. A well fed, comfortably housed and leisured individual can enjoy life and lament the decline of liberty to make millions.

Indeed, André Siegfried, the noted French economist and historian, writing when we were riding on the high tide of the New Era, said that America had already exchanged liberty for prosperity, that she was being "fordized" and that her goal was material prosperity for all. Well, so far as the majority are concerned, Americans seem to have made a poor exchange. If they have bartered liberty they received in the trade a spotty brand of prosperity.

2. The other objection is that extension of public control and ownership inevitably brings red tape, bureaucracy, a frozen economy, corrupt politics and waste and inefficiency. *This is a serious objection, in view of our actual lack of economic and political morality. But the source of the spoils system is rugged individualism.* So long as there is a lot of money or power to be gained by distributing favors, so long as there are lobbies whose aims are to push the interests of special groups, so long as



there is lack of respect for public service and public servants, this situation will continue. That means so long as our ruling principle is—every man for himself and the devil take the hindmost.

But even now there are millions who render faithful service, *not* for what they can make. There are thousands of good public servants, thousands of teachers and ministers and physicians who work to serve by doing their best. The writer has been a member of the staff of a state university for twenty-seven years. His colleagues are very modestly paid. They are faithful hard working teachers and investigators. There is little waste, no luxurious equipment (in fact the furniture is of the plainest description), and a high degree of efficiency.

I do not believe the chief aim of most people is to make money, to get power. What they want is opportunity to do their work, with a modest living and security of the job and the future. At the present time there is little security of any sort for the vast majority.

## 5. SUMMARY OF COÖPERATIVE DEMOCRACY

The goal is a democratic and coöperative commonwealth. By "democratic" I mean, *not* a society which aims at an impossible equality, which it would be disastrous to attempt to realize. I mean a society which affords a fair opportunity to every one of its members to realize his talents and thus far, lead a satisfying life as a contributor to the common weal. I mean a society in which there are personal and civil liberties—the liberty of speech, publication and assembly—limited only by the requirements of decency, toleration of differences of opinion and good order.

These ends can be best achieved in a literate society whose members have been nurtured in the exercise of personal and civil liberties by a *compromise* between economic individualism and full Socialism. Both out-and-out Communism and unrestrained individualism are harmful. The first puts the majority at the mercy of a dictatorial minority; the second puts the majority at the mercy of a minority of greedy economic exploiters.

This compromise involves: (1) General control of the economic life by the chosen agents of the people. (2) Public ownership of those necessary utilities and industries, which cannot be *controlled* for the widest use rather than for profit, by the public agencies of control without ownership. (3) Leaving non-monopolistic necessities and all luxuries to private enterprise, subject to rigid control as to *quality* in such things as drugs, foods, and clothing, and subject to regulation of their security issues to safeguard investors. (4) The promotion of voluntary coöperative methods of production and distribution.

To put the matter in a nutshell, the best standpoint from which to approach the problem of necessary social reconstruction in America is that of a modified or controlled Capitalism; by a combination of more effective control of monopolistic tendencies; the extensive development of voluntary coöperation; and where these fail, public ownership and operation. I do not advocate the attempt to extinguish the profit motive. I advocate subjecting it to the needs of a more democratic equalization of opportunity. Our best models are to be found in Scandinavia and Great Britain. The United States is at least a whole generation behind these countries in control of the profit motive for humane social ends. I base this statement on personal observation as well as study. With our traditions and habits we cannot and do not need to go communistic. The maintenance of the best features of our American ideal requires that, in view of our already revolutionized industrial and financial set-up, we move forward to a greater control, to the reform of economic individualism.

According to the United States Government experts, in 1929, the income level necessary for a liberal diet for an average family was \$3,000 a year. Let us make it our objective to provide this income, or its equivalent when the price-level changes are taken into account. To so redistribute incomes, from this base level, would be at one and the same time to provide much more employment and to raise the American standard of living to a decent minimum. This will involve a drastic reduction of swollen incomes and a considerable reconstruction of our economic and political institutions. There is no other way out, short of either economic misery and incessant social conflict, or dictatorship. The

lesson of Europe to us is that the former alternative leads straight to the latter. That we learn this lesson before it be too late must be the endeavor of every thoughtful and socially-minded American, of every one who desires and wills that the promise of American life be fulfilled.

## CHAPTER XXIX

### POLITICAL RECONSTRUCTION

#### 1. OUR HOBBOLED DEMOCRACY

THE DECLARATION of Independence breathes the spirit of political democracy. But, when it came to the framing of a constitution for a new nation, there were three factors that, working at cross purposes, prevented the construction of a wholly democratic constitution. These were: (1) The distrust felt by the Jeffersonians for governmental regulation and bureaucracy. They wanted all offices elective and for short terms. All power must not be given to the legislature. "One hundred and seventy-three despots can be as oppressive as one" (Jefferson). (2) The deeper distrust by the propertied class in general, of democracy.

John Adams was the leader of the aristocratic, conservatively minded landowners and merchants. Adams says: "All projects of government, formed upon a supposition of continued vigilance, sagacity, virtue, and firmness of the people, when possessed of the exercise of the Supreme power, are cheats and delusions. . . . Rule should be in the hands of the natural aristocracy of the wise, the rich and the good." This aristocracy is "educated, well born and wealthy."<sup>1</sup> Adams accepted the Constitution because, with its many checks and balances, it guarantees the individual rights, especially the rights of property. The Federalist argued against any inclusion of personal and civil liberties in the Constitution. Madison, the father of the Constitution, held that: "The first object of government" is the protection of property, by "the regulation of these various and conflicting interests" which arise from "the diversity in the faculties of men, from which the rights of property arise . . . the regu-

<sup>1</sup> John Adams, *A Defence of the Constitution of Government of the United States of America*, Works VI, pp. 10, 166, 185.

lation of these various and interfering interests forms the principal task of modern legislation and involves the spirit of party and faction in the ordinary operations of the government."<sup>2</sup> (3) The third factor was the jealous insistence on its own sovereignty by each one of the thirteen colonies. There was great difficulty in forming a union because the several colonies were jealous of their local prerogatives. In each one the spirit of local control was very strong and, moreover, their differences in population were not very great. In 1790 Virginia had 747,610 inhabitants and Delaware 59,096. The Constitution was a compromise between those who wished legislative representation to be based on population and those who wished the several states to have equal representation in a bicameral legislature. There was also a compromise between the slave-holding states and those in which slavery was prohibited; it was provided that for direct taxation and representation only three-fifths of the Negroes should be counted and that the importation of slaves should not be prohibited before 1805. Another significant fact is that no Bill of Civil Rights was contained in the original Constitution. The ten original amendments containing the Bill of Rights went into effect December 15, 1791. These facts must be borne in mind in considering the present value and limitations of the Constitution. It was a great and successful compromise between democracy and plutocracy, but it was not a Divine revelation valid for all time.

*Results.* The United States began as a federation of sovereign states. Only such powers as are expressly committed to the Federal Government can be exercised by it. All residual powers belong to the forty-eight sovereign states. Congress cannot, constitutionally, pass laws regulating child labor, labor conditions (hours and wages), unemployment insurance, education, marriage and divorce, or state banking within any state. The Supreme Court, which is the ultimate interpreter of the Constitution, has usually been very conservative in its interpretations. The Constitution can be amended only by three-fourths vote of the sovereign states, *not by popular majority*. Nevada, Wyoming, New Mexico, Arizona, Vermont, and Delaware have precisely the

<sup>2</sup> Charles A. Beard, *The Rise of American Civilization*, pp. 333-334.

same voice in amending the Constitution as New York, Pennsylvania, Illinois, Ohio, Texas, and California. The President in theory is not elected by popular vote but by a college of electors chosen by the several states. The President and his Cabinet have no direct relation to Congress. The President has large powers—the veto power, command of the Army and Navy, power to declare that a national emergency exists. But he and his Cabinet are not responsible to Congress nor Congress to them. Congress and the President may be at cross purposes all the time. That was the case during Cleveland's second and Wilson's second administration. If Congress fails to agree with the President and his Cabinet in all important matters, there is nothing that can be done about it. Legislative action may be paralyzed, until the end of the congressional period, whereas in Great Britain and the Dominions failure of the Prime Minister and his cabinet to receive support in Parliament requires an appeal to the country, a new election. This is the first great check and balance.

The second great check and balance is between the two houses. The Senate represents equally the forty-eight sovereign states. Nevada has the same representation in it as New York. The Senators are elected for six-year terms. Until recently Senators were chosen by the state legislatures, not by popular vote. During the term of the members of the Senate who begin with an incoming administration the complexion of the House of Representatives may radically change. One house may support the administration, the other be opposed to it; or both may be opposed. There is nothing that can be done about it. In the meantime, since 1786 the country has vastly expanded and its parts have become drawn much closer together by the revolution in communication and industrial interdependence. California is much nearer Massachusetts in time and they are economically far more interdependent than Massachusetts and Georgia were in 1787. The country is rapidly becoming one unit economically. The residual powers of the forty-eight sovereign states are frequently obstacles in the way of a harmonious development of uniform control of industry, business, divorce, and crime. The checks and balances between the Executive and the two houses block action. The administration and Congress should be units, in the sense that the Chief

Executive, if he failed to get the support of Congress, should appeal to the country.

Owing to the cumbersomeness of the machinery, its lack of popular basis (each state must ratify as a state), and the vastness of the country, it is very difficult to get an amendment to the Constitution. A two-thirds vote of a majority of all the voters in the country should be enough.

The United States (as well as the rest of the Western civilization) has undergone the most radical economical, social and intellectual changes, since the formation of the Union, that Western civilization has undergone since ancient Greece. It is even now undergoing great moral changes. Either a new civilization is in the making or civilization is undermining itself. One hopes the former is happening.

It is more than high time that we overhauled our antiquated political machinery, which is neither aristocratic nor democratic, but blocks progress by favoring plutocratic possessiveness checked by muddling demagoguery. The clumsy system of checks and balances by which responsibility and initiative cannot be fixed, together with the long ballot and short terms of office, are responsible, more than any other causes, for inefficiency and corruption—responsible for the breakdown of municipal government and the failures in state and national government.

The present organization of democracy in the United States is inadequate to cope with the immensely intricate and complex problems involved in the social control of the production and distribution of economic goods in a more democratic fashion. There is a profound distrust of governmental activity at the same time that, perforce, such activity has been constantly extending its sphere of application. It is pretty generally held in this country that whatever is done by governmental agency is done more expensively and less efficiently than by private agency. This attitude of distrust, inherited from our very individualistic past, is assiduously fostered by private business, by banking and financial and industrial magnates and by chambers of commerce. But it is not true to the facts. The departments of the National Government are very well run. The postal service is efficient

and cheap; when one makes allowance for the too low rates at which newspapers, journals, and advertising matter are carried. The departments of agriculture and the administration of national parks is excellent. In the states road building is very well performed. I have had a lifetime of service in private and state universities and I know that state universities are just as efficiently and cheaply conducted as privately supported institutions of the same quality and size. There is no real difference between their methods.

On the other hand, the long ballots, the hosts of officials to be elected and the shortness of their terms, all make for inefficiency and undue political influence. This is especially the case in matters of legal justice. No judges or legal executives should be elected by popular vote on party tickets for such short terms. Again, the administration of cities is a very complex affair, requiring the continuous service of experts. The management of cities should be in the hands of city managers responsible to small boards elected by the people, just as schools and other services. School administrators and teachers should have more security of tenure and more power in the administration of schools. Political and financial interests have now too much control over schools.

Some fifty thousand types of officials are elected in the United States. There were 6,000 nominees in a single primary election in Chicago. The direct election of such a multitude of executive officers diffuses responsibilities and makes it easy for incompetent or crooked officers to evade their responsibilities. There are now 175,000 administrative units with an annual pay-roll of  $3\frac{1}{2}$  billion dollars. These units should be consolidated—towns, townships, school districts, and counties.

When we come to law-making and state and national control drastic changes are required. To begin with, we have too many states, but it is not likely that their number will be speedily reduced. Inertia and sentiment in the mass and the opposition of active politicians to the reduction of the number of offices, or the methods of their disposal, will prevent reforms.



## 2. THE STATES AND THE NATION

The present set-up in regard to the respective boundaries of the states' powers and the national powers and functions is anachronistic. In the midst of a vast and complexly interdependent economic structure, which reaches its dynamic hands into the remotest corners of the nation, we have forty-eight separate law-making and regulating bodies endowed with all the residual powers, that is, with all the powers not specifically committed to the national government. The latter is unable to legislate or administer on urgent matters in which the states are either unable to exercise control; or, by reason of their great differences in population, education and social enlightenment, are inert. At present, for instance, we are witnessing a flight of "carpet bagging" industries from the Northern states with advanced social legislation to Southern states that are without social legislation and in which more than 14 per cent of the population is illiterate, and large parts of it disfranchised. The Negro in the deep South has one-fifteenth of the white man's educational opportunity.

Moreover, there are such glaring discrepancies between constitutionally equal states as New York with 128 times the population and 72 times the wealth of Nevada. Thirteen of the states have a total of one-twentieth of the national population and had in 1922, one-sixteenth of the national wealth. It is absurd to have forty-eight different sets of divorce laws, traffic laws, regulatory laws for public utilities, labor, banking, and even criminal laws. But so strong are the inertia of habit and the interest in political jobs that probably we shall have to keep the states as they are now for a long time, since no state could be deprived of statehood without its own consent. The smaller states have much value as units for education, and experiments in social legislation. If the number could be reduced to thirty-odd it would be a great improvement. Nevada, Utah and Idaho, for example, would make one fairly good state in population; likewise Arizona and New Mexico. It would be a good plan to limit statehood to areas having at least one million people.

It is neither practicable nor necessary to alter the constitu-

tional position of the states in the Federal system. It is true that in the Senate the smaller states are grossly over-represented. But the quality of representation could not be changed into fairly proportional representation without the consent of the states, whose representation would be greatly reduced. It is very unlikely that this consent would be given, in any case. Moreover, such a change is unnecessary. In our recent history many of the ablest and most public-spirited Senators have been from small states, such as Idaho, Montana, Colorado, and New Mexico. The two most urgent reforms of the Senate are, first, the Senate should be deprived of its power to block, by a minority opposition, international agreements. What should be made necessary to international treaties and agreements is a majority vote of both houses. At present thirty-seven Senators can prevent an international treaty or agreement. The second reform is to abolish "The advice and consent of the Senate," as prerequisite to the appointment, by the President, of administrative officers and their subordinates.

In our Federal system the point that stands in most urgent need of clarification is the power of the Federal Government to regulate industry, business, trade, and commerce throughout the nation. Under the commerce clause, the taxing power and the so-called elastic clause, the powers of the National Government have been steadily increased. Congress is given power to "regulate commerce with foreign nations and among the several states; power to lay and collect taxes, duties, imports, and excises, to pay the debts and provide for the defense and general welfare of the United States." The elastic clause gives Congress power "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers." But there are no definitions in the Constitution of "commerce," "regulate," "general welfare," nor of what laws are to be deemed "necessary and proper." The fifth amendment states that "no person shall be deprived of life, liberty or property without due process of law." And Section One of the Fourteenth Amendment limits the power of the states in the same words. But there is no definition of what is "due process of law."

The interpretation of the above phrases and of all others falls

to the Supreme Court. As Chief Justice Hughes has said, "The Constitution is what the judges say it is."

In the decisions of the Supreme Court there have been two different theories respecting national power. They may be called the Hamiltonian and the Madisonian theories. The Hamiltonian theory maintains the supremacy of the nation as against the states. The Madisonian theory assumes a dual sovereignty in which the states and the nation are equal partners. With a few exceptions, the court, until very recently, followed the Hamiltonian theory. Since the so-called New Deal began in 1933, the Court has followed the Madisonian theory, thereby declaring unconstitutional most of the regulatory laws passed by Congress. Several of the very latest decisions, however, show a five-four vote in the Hamiltonian direction.

The foremost champions of state rights as against national power are naturally those interests that do not want regulation. They include large landholders and business interests in the most socially backward parts of the country, many large business and financial interests, manufacturers and vendors of quack medicines, injurious cosmetics, adulterated foods, *et hoc genus omne*. Now it is clear to any fair-minded student of our economic and social history that, whatever may or may not have been in the mind of the framers of our Constitution, we have undergone a tremendous economic revolution. With the development on a national scale of swift transportation and practically instantaneous communication, there is no business that may not become national in scope. Moreover, in a rapidly increasing measure we have concentration of control in finance, industry, and business. The several states cannot effectively regulate the industry and business of the nation. What happens when regulation is left to the states is either failure or confusion or both. The states cannot regulate the huge public utility corporations. When some progressive states make laws prohibiting child labor or establishing minimum wages and fixing hours, what happens is that either the laws are declared unconstitutional, or industries which do not wish to operate under such laws are invited to move to states where there are no such laws.

Our economic life has become national in scope. Unless we are

to have anarchy or succumb to the dictation, on the one hand of big business interests, and on the other hand of organized labor, and suffer from their conflicts, we must have effective national control. Since the Supreme Court in the past has followed two divergent theories of national power and in the most recent past has created a No Man's Land of futility, we must have an amendment to the Constitution, clearly empowering Congress to promote the general welfare of the United States by such laws as in its judgment are appropriate. This amendment should specify that the "due process of law" clauses of the fifth and fourteenth amendments shall be construed to impose no limitations upon legislation by the Congress or by the several states, except as to the method or the procedure for the enforcement of such legislation. The new amendment should contain a section declaring that it shall not be construed to impair the Bill of Rights, contained in Articles 1, 3, 4, 5, 6, 7, and 8.

Nothing should be done to impair the power of review by the Supreme Court. It has been proposed that Congress be empowered to re-pass a law declared unconstitutional by the Supreme Court, by a two-thirds vote. This in my judgment would be a highly dangerous amendment. The Supreme Court is the court of last resort for the defense of civil rights. It is quite conceivable that in a critical posture of affairs, with passions running high, Congress might abrogate our civil rights. If democracy is to retain a vital meaning, our civil rights must be jealously guarded.

The following reforms are desirable in the states: Smaller unicameral legislatures; the governor to choose his own cabinet and be responsible to the people; consolidation of smaller governmental units—school districts, towns, townships, and counties. It is probably best not to abandon universal suffrage. It has many shortcomings in practice, but its essential idea is sound—that every normal adult in possession of his faculties, and not a convicted criminal as a subject of personal happiness in welfare has a right to a voice in government—is indeed a sovereign-subject.

Government by men of superior intelligence sounds alluring, but only if they are likewise of superior character. While ignorance, inertia, and stupidity are bad enough, intelligent scoundrelism, and alert and shrewd selfishness are worse. There are many

clever economic and political shysters and crooks. There are many more not very clever and often ill-informed persons of probity and concern for the common weal. What we need, to improve the franchise, is social education and opportunity for the ordinary person to be better informed and more effective in the exercise of the suffrage. The principle of vocational representation in a Congress of Guilds representative of the main economic interests as in Fascist Italy, sounds plausible. But it is a negation of democracy. It rejects the fundamental idea of political democracy—equality in the choice of representatives to legislate, and of executives to administer on public affairs, in the interests of the common good. Who would decide what interests were to be represented in the National Council of Guilds, and what the numerical proportions of representation of the various interests should be? That is done from above in the Fascist State. It is incompatible with democracy. The latter, with all its shortcomings, is both ethically and I believe politically superior in that its fundamental principle is that government exists to promote the common good of all, and it presupposes that every one is to count for one and no one for more than one.

The place for vocational representation is in the various advisory planning boards—regional and national.

### 3. SOCIAL RECONSTRUCTION AND THE "SPOILS SYSTEM"

The National Civil Service Reform League\* estimates that the placing of political appointees in public service adds one-half billion dollars each year unnecessarily to the national tax bill. Moreover, it leads to placing incompetent and irresponsible persons in positions which injure business and the safety and life of the citizens. The League found that eighteen life-guards on New York beaches could not swim a stroke. In a large city a water-tank collapsed, killing five persons. The tank had been inspected by a building inspector whose qualification was that of a "malt salesman."

Forty per cent of the 826,000 Federal employees are exempt from the civil-service law. There are about 290,000 state em-

\* *New York Times*, May 16, 1937.

ployees. Yet only 12 states have any sort of merit system. In county and municipal governments there are nearly 900,000 employees with a pay-roll of over one billion dollars a year. Yet, out of 516 counties, only 40 have civil-service laws. Of 2,500 cities of over 20,000 population, less than four hundred have any merit system, and in about one-half of this four hundred cities the merit system is more honored in the breach than in the observance.

So long as this is the "spirit of American politics," any wholesale public enterprise to remedy our glaring social injustices would be a cure worse than the disease. If we cannot get a spirit of common honesty and reasonable efficiency in public service in our democracy, then democracy is doomed.



PART V  
INTERNATIONAL RELATIONS





## CHAPTER XXX

### NATIONALISM AND INTERNATIONALISM

#### 1. MODERN NATIONALISM

IT IS IMPOSSIBLE to make an intelligent inventory of our present social problems and ignore the problems of the relations between nations. We must take account of world politics. There are two reasons for this:

1. The territorial nation-state is the supreme social entity in our world. It is absolutely sovereign over the property, persons, and consciences of its individual members. Even in the United States, notwithstanding the Bill of Rights, this is so. In war time the conscientious objector may be imprisoned. In peace time the individual who reserves to his conscience the right to decide whether a future war is just, and therefore whether he will serve the country in case of the particular war, is denied citizenship.<sup>1</sup> In Western civilization the politico-economic sovereign state has taken the place of the universal spiritual sovereignty of the church. Nationalism, in this sense, is a modern social phenomenon. In the ancient world of Western civilization there were two chief types of state, neither of which corresponds to the modern nation. There were city-states in Mesopotamia, Egypt, Greece and Italy. The group emotions and the rules of group conduct centered about the city—Athens, Sparta, Corinth, Syracuse, Rome. Although the Greeks had a consciousness of Hellenic unity, of the possession of a common civilization, this consciousness never found permanent expression in a federated political unity. There were various leagues, which lasted for a time. Cities, such as Athens, Thebes and Syracuse, aspired to imperial rule. Rome expanded into an Empire, and did achieve an interethnic unity, but never a federation. So the Empire became an autocracy, a despotism. The empires of the Near East were the creations of

<sup>1</sup> Compare the case of Professor Douglas C. MacIntosh.

powerful individuals or families, with dynastic interests, who rose to power in certain cities. Tribes were consolidated by military empires; such as the Egyptian, Assyrian, Persian, Roman, and Arab.

The development of literary languages, such as Sanskrit in India, or Greek and Latin, made for cosmopolitanism. So did the rise of universalistic or interethnic religions—Buddhism, Christianity, Mohammedanism. The consciousness of *nationality* emerged in the later Middle Ages and developed rapidly with the rise of vernacular literatures, the consolidation of states through the suppression of feudalism by the divine-right monarchs, the establishment of state churches, the invention and spread of printing, and the growth of nationalistic capitalistic economy. England was the first modern nation. The recognition of English nationality is found in the literature of the twelfth century. It was stimulated by the popular rule of the Tudors. National patriotism is in full flower in Elizabethan literature, especially in Shakespeare and Spenser.<sup>3</sup> And it continued to expand in the following centuries. Spain and Holland next achieved full nationality. Spain had partially achieved it through her American colonists and discoverers. Revolutionary democratic nationalism was born in France. Not until late in the nineteenth century was political nationality achieved in Germany and Italy, although *cultural* nationality had developed in Germany by the beginning of the nineteenth century. *Cultural nationalism* is the consciousness, on the part of a people, of possessing a cultural community and continuity of speech, customs, traditions and memories, values and purposes of living. The development of cultural nationalism is very characteristic of the nineteenth and twentieth centuries and leads to the demand for independent sovereign statehood, on the part of groups conscious of their cultural community. Many modern states were culturally inter-ethnic; for example, the old Austro-Hungary, the Ottoman Empire, Russia, and the British Empire, Canada, and Switzerland, which is an anomalous combination of cultural diversity with political and sentimental unity. This situation often raises

<sup>3</sup> Compare the eloquent passage in Shakespeare's *Richard II*, Act II, Scene 1 (beginning, "This royal throne of kings, this sceptred isle").

acutely the problem of cultural or ethnic minorities; for example, in the Balkans and Central Europe to-day. Minorities may be assimilated, as in the United States, or the British Empire; expelled, as were the Greeks from Turkey and now, in part, the Jews from Germany; annihilated, as were the Armenians; or placed under great disabilities, as are the Jews in Nazi Germany. Since the World War there has been an increasing demand, on the part of small peoples with cultural community, for self-determination. Thus we have a Macedonian movement; new states: Czechoslovakia, Yugoslavia, Latvia, Lithuania, Estonia, Finland, the Irish Free State.

2. The leading nations became economic competitors for trade, the exploitation of backward peoples and undeveloped territories. The history of the world, since the fifteenth century, is very largely the story of the economic rivalries of nation-states. Economic nationalism has become more and more a cause of conflict—of commercial struggles precipitating wars. The conquest and settlement of America, of Africa, and the islands of the seven seas, the conquest and exploitation of large parts of Asia, are aspects of this predatory tale. It is the continuation, on a much vaster scale, of the predatory invasions by the barbarians when Rome fell. But, whereas, out of the remains of the Roman Empire an international order was built up on a religious, ethical, and cultural foundation, *as yet that has not happened in the modern world*. Various forms of international coöperation, and the World Court and League of Nations, are steps toward an international order which does not yet effectively exist.

In the meantime, with the spreading industrialization and commercial expansion, *at various rates of progress*, of the nations of Western Europe, America, and Asia, international contacts, rivalries, occasions of misunderstanding and conflict, have become much swifter and more acute. The earth is being girded with machine industry and swift communications, by rival expanding national economies. As nations expand industrially, they seek more foreign markets for the surplus of their products that cannot be absorbed at home. At the same time they become dependent on other portions of the earth for more of their raw materials. The most nearly self-sufficient economic unit with ref-

erence to raw materials is perhaps Russia. The British Empire includes nearly every sort of raw material, but the Empire is not an economic unit. Each of the Dominions has its own economic system. Next in self-sufficiency comes the United States. But it does not produce tea, coffee, nor natural rubber (latex). It is entirely or almost entirely lacking in a number of important materials and their products—nickel, zinc, platinum, radium, vanadium, tin, manganese, rubber, cork, chrome, shellac, coffee, cocoa, raw silk. We could raise tea, but attempts to do so have been commercial failures. We produce only a small fraction of our cane-sugar.

The growth of contacts in number and swiftness, the growth of interdependence for the materials required to make the increasing variety of industrial products, the growing complexity of international traffic, exchange and finance—all these require for their healthy activity an effective international order which does not yet exist. The World Court and the League of Nations are the first significant steps in this direction. They can never be fully effective so long as the United States and Germany stay out of them. And it is very doubtful whether this country can stay out of another World War. To criticize the League of Nations because it has not prevented Japanese and Italian aggression comes with a bad grace from the citizens of the most powerful industrial and financial nation in the world that earlier washed its hands of responsibility for world peace, while participating in the various non-political activities of the League of Nations.

*The central thesis of this chapter is that unless an effective international order comes into being Western civilization will destroy itself. Why?*

## 2. THE CAUSES OF WAR

The causes of war have been more and more dominantly *economic competition between nations*—economic nationalism. The barbarian invasions of the Roman Empire were the result of hunger and pressure from behind. City-states fought for power and economic advantages. Alexander seems to have been ani-

mated by Hellenic cultural imperialism. The Roman Empire was built up from the same ruling motive—the quest for wealth and power. In the Middle Ages economic power, despotic ambitions and religion were main causes of war. The ‘Thirty Years’ War was fought from a mixture of these causes. From the beginning of the modern time, and especially after the industrial revolutions, the imperialistic expansion of Western nations was dictated primarily by economic causes. The World War arose immediately from the desire of Serbia to have an economic outlet for its pigs which Austria thwarted because Serbia was a center of agitation for political freedom of the South Slavs. The economic expansion of Russia and France clashed with the ambitions of the German Empire for a place in the sun. Besides this Russia assumed the rôle of protector of the South Slavs. Great Britain got in early and had its established place in the sun. So it was on the side of France for various reasons. Great Britain could not tolerate Germany, with its maritime rivalry, occupying Belgium and the Channel coast. The United States went into the World War primarily because the unrestricted warfare of Germany threatened to destroy the commerce of the United States with the allied powers and to drive our ships off the high seas. Other motives were the closer cultural and political affinity with Great Britain and France. It became a widespread conviction that the victory of Germany would threaten the very existence of representative democracy. Moreover, if the Allies were defeated their great debts to Americans would be lost. Lately the last cause of our entry into the war has been played up as the chief one. I do not believe this view to be correct.

Since the cessation of armed conflict and the Versailles Treaty the war has gone on as *economic warfare*, not so destructive and spectacular as actual warfare but nearly as wasteful and futile, as well as being a breeder of open war.

The world-wide depression, as it has worked out, has aggravated the policy of national economic self-sufficiency (autarchy). At the close of the World War the Allies proposed to make Germany pay as much as possible of the costs in the form of reparations. These were to be used to pay the debts which the Allies had incurred to the United States for food and munitions—bought

at profiteering prices. Also Europe must borrow more to reestablish her economic life, to produce again and recapture her foreign markets. The United States received interest and payments in principal (remember that the original war debts had been incurred for purposes of destruction). The debts of Western Europe from post-war loans increased their total debts. There are only two ways to pay debts—by goods or money, gold or other forms of capital. The United States began to raise its tariffs. It did not want to buy foreign goods. On the contrary it wanted to keep up the glorious orgy of producing and selling, which had been so profitable during the war. But Europe could not go on doing this; it had only very limited gold supplies concentrated more and more in France. Currencies depreciated and had to be stabilized. Stabilization hastened deflation. Obligations incurred when prices were high could not be met when prices of goods were falling and the market became more and more restricted.

The great depression ensued. It was greatly aggravated by the increasing paralysis of international trade, through the building up of higher and higher tariff walls, and by quota restrictions on imports. It will go on until there is a reduction in tariffs, and effective international economic coöperation. A nation, like individual firms, cannot continue to prosper by trying to be a creditor only, by selling and not buying. Business must be a two-way trafficking.

Economic self-aggrandizement, short-sighted economic nationalism, is one of the chief roots of our trouble. *The effective recognition of the economic interdependence of the peoples of the earth, through economic coöperation, is the indispensable condition of world prosperity and peace. For the applications of science in new inventions have made us all closer neighbors and more interdependent.* Science is non-competitive and international. The very development of machine industry requires that we should be able to get minerals and other materials wherever they can be had in greatest abundance and ease. Each part of the earth should produce those goods which it can most profitably produce. If cane-sugar can be produced much more cheaply than beet-sugar then let Austria, Germany, Colorado turn their

soils to other uses. If copper can be produced much more cheaply in Africa, Utah, Arizona, and Michigan than in Colorado, then let the costly low-grade copper mines of Colorado be closed down. It is foolish and unscientific to build up tariff walls to protect an industry that cannot pay for itself in the world market.

### 3. THE COSTS OF WAR

It is now nineteen years since the close of the World War. We are still paying for it and shall be for generations to come. It is well to remind ourselves of the costs in life and economic goods. The Napoleonic wars lasted 9,000 days (from 1790 to 1815) and cost 2 million lives; the World War lasted 1750 days and cost 10 million lives. With little less than one-fifth of the duration of the Napoleonic wars the World War had nearly five times the loss of life; 30 millions were wounded in the World War, and this figure does not include the mentally wounded and crippled nor the loss in morale; it leaves out of account the moral scars and lesions, the disgust, the weariness, the cynicism, the loss of faith in man and in the future. These losses were inestimable. The economic costs of the war cannot be estimated. Buell offers the following figures: The total direct cost of the war, 186 billion dollars; capitalized value of lives lost and property destroyed, 157 billion dollars; total money cost of the war, 337 billion dollars.

Comparative National Debts of the Chief Allied Powers:

	1913	1920
United States .....	\$1,188,000,000	\$24,298,000,000
British Empire .....	6,897,000,000	31,803,000,000
France .....	6,598,000,000	22,871,000,000

In an hour's time the war consumed an amount equal to the endowment of the University of California. The average cost of killing one soldier was \$25,000. Even if the Allies were to repay the 11 billions of dollars they borrowed of the United States, the American people would still be worse off than before by 21 billions of dollars. Between 1900 and 1920 fourteen leading powers expended 61½ billion pounds (roughly 305 billion dollars) for warlike purposes and 46 billion pounds (230 billion dollars)



for all other purposes—for health, education, culture and social order.

More than *one-half* of the huge national debt of the United States—which was in the World War only nineteen months—and more than one-half of the Federal budget are due to war. In 1935 the Federal Government spent on the Army and Navy 533 millions of dollars, in 1936 over 837 millions; for the Veterans the 1935 costs were 717 millions. Besides it will have to pay out \$2,237,000,000 for adjusted compensation to the Veterans. About sixty cents in every Federal dollar spent (apart from special relief expenditures) goes to pay for wars past and to come. The total cost of the World War to the United States up to March 1, 1935, has been estimated at \$55,068,000,000.

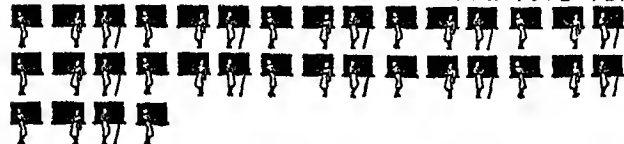
The most bitter form of armament competition is naval rivalry. Before the war a chief cost to Germany and England, and the chief cause of mutual suspicion and fear, was Germany's challenge to British dominion of the seas. It was the British policy to maintain a navy equal to that of the two other strongest naval powers; this was because of Great Britain's dependence on sea-borne commerce and her farflung possessions and dominions. But German competition forced the abandonment of this policy. Since the World War the United States has been a naval rival of Great Britain. They are still at it. The United States, Great Britain, France, and Japan are all building more super-dreadnoughts and other war vessels. The United States Naval appropriation for 1936 was 533 million dollars. Germany has reëstablished conscription and claims right to parity in arms.

The internationally minded munitions makers, who are not only willing to sell to the potential enemies, but actually thrive by sowing mutual fear and distrust, are reaping a wonderful harvest. Krupp sold many guns to Russia and Belgium during the World War. The French army was forbidden to shell the steel and munitions plants in Alsace owned by the *de Wendels* (von Wendels in Germany), a bi-national family—French and German. François de Wendel, who controlled the *Comité des Forges*, the great French steel trust, was a very powerful person, and chief owner of the *Journal des Débats*, and Regent of the Bank of France. Schneider-Creusot, the largest armament factory in the world,

ALL THE CHURCHES IN THE UNITED STATES



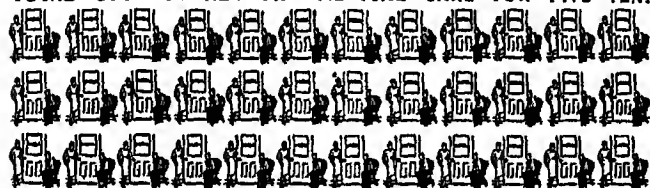
THE TOTAL COST OF EDUCATION FOR FIVE YLARS



ALL THE SURFACED ROADS IN THE UNITED STATES



TOTAL COST OF ALL THE MEDICAL CARE FOR FIVE YEARS



THE TOTAL FIRE LOSSES FOR TWENTY YEARS

Courtesy of Foreign Policy Association

EQUIVALENT OF THE COST OF THE WORLD WAR TO THE U. S.

controls hundreds of armament firms, mines, smelters, and foundries. The head of the company, M. Schneider, had a finger in 230 armament and allied enterprises outside France—chief of which was the Skoda works in Czechoslovakia. Vickers-Armstrong-Whitworth, the largest British munitions firm, has plants in Italy, Romania, Spain, the Netherlands, and Japan. Bethlehem Steel is the chief American plant. Since the above was written France has nationalized her armament industry.

Sir Basil Zaharoff was the greatest armament salesman. He developed the technic of selling one country an order, and pro-

ceeding to use it as a talking point to sell a large order to a neighbor and potential enemy.<sup>3</sup> Recent evidence before the Nye committee in the United States Senate disclosed the fact that there has been an agreement between munitions makers in Europe and the United States to divide the markets; that in Chile the Germans put in dummy bids to help the British and American munitions peoples; that, when the United States laid an embargo on the shipment of munitions to Bolivia and Paraguay, the foreign firms shipped the goods in and credited their American associates with the commissions; that the United States Navy has aided in the sale of American munitions abroad; that the American and British submarine trusts corrupted the officials of South America, fixed prices in collusion and paid speakers to scare the various nations of the South into a naval race; that the munitions companies, through officers in the War Department, were informed about the selection of delegates to the Geneva Arms Conference in 1925 a month and a half before the American people were told who they were. All this is international coöperation in the interests of the makers of munitions.<sup>4</sup> German submarine boats were built from plans bought from the American Electric Boat Company at Bridgeport, Connecticut.

*Some War Profits.* The following figures from Moody's show the war profits reaped by some American firms during the World War:

	<i>Average Profit, Preceding War</i>	<i>Four Years During War</i>
Scovil Manufacturing Company.....	\$ 655,000	\$ 7,678,000
Niles-Bement-Pond .. .. .	656,000	6,146,000
Hercules Powder Company.....	1,271,000	7,430,000
Republic Iron and Steel.....	4,177,000	17,548,000
Utah Copper .. . . .	5,776,000	21,662,000
Anaconda Copper .. . . .	10,649,000	34,549,000
United States Steel.....	105,331,000	239,653,000
Bethlehem Steel .. . . .	6,840,000	49,427,000
Du Ponts .. . . .	6,092,000	58,076,000

These are specimen profits of the business of equipping to kill one's fellows. Profits ran from 50 per cent to 943 per cent.

<sup>3</sup> *Fortune*, March 1934; and Richard Loewenstein, *Sir Basil Zaharoff, Munitions King*.

<sup>4</sup> *Congressional Record*, Jan. 15-21, 1935.

Warfare in the future will be far more costly and lethal than in the past. The supremacy of capital ships and repeating rifles has been challenged by gas, the submarine and the *aéroplane*. The civil populations of great cities can be attacked by poison gas and disease germs dropped from *aéroplanes* and shot from long-range guns.

The range and power of guns has been greatly increased. Great fleets of *aéroplanes* may destroy the most populous cities in near-by countries, as well as battleships. The *aéroplane* danger is not a serious one for the United States. Neither Canada nor Mexico have such fleets. No European nor Asiatic power would have any chance of getting an *aéroplane* fleet over here.

#### 4. ECONOMIC NATIONALISM AND WAR

The mass of the population are led as sheep to the slaughter because skilful propaganda has aroused their herd fears and herd loyalties, and most human beings are easily susceptible to crowd suggestion, after they have found that their labor does not bring them prosperity because the cream has been skimmed off by the profiteering enterprisers and manipulators. War is the by-product of uncontrolled commercialism expanding imperialistically in the greed for profits. Let the profits be so great as to impoverish the workers, then war becomes a safety valve for nationalistic Capitalism—whether private or state Capitalism. In summing up the matter we find that production primarily for the aggrandizement of the owners and promoters of industry in national economic systems leads to a growing surplus of profits. The reinvestment of these in productive plant and enterprise produces consumption goods in increasing excess of the purchasing power of the mass in the home market. The nation must export. To fight effectively it must have control of raw materials. Armaments are costly. The burden of taxation for armament becomes heavier. There is a threatened or actual depression. War is the easiest way out. Prices will rise, goods and human beings will be destroyed in great quantities. There will be a shortage of goods. Prices will go up further. The owners can afford to pay better wages as an offset to higher prices. Wages, however, do not rise

as fast as prices. Prices go skyward. Production mounts again faster than wages and employment. A depression results. Mankind in the mass goes around the merry circle from birth to the dance of profits, to the dance of death, and round again. I do not say that the enterprisers think this out. I do assert that, so long as, under increasing technological efficiency, production within the nation is engineered primarily to satisfy the greed for profit, war will inevitably eventuate.

So long as nations regard themselves principally as competing units in the struggle for material prosperity and are animated by greed, uncontrolled by any principle of coöperation, of live-and-let-live, the state of economic warfare will be chronic; and there will be always the imminent danger that it will break out into acute military warfare. The World War demonstrated on a tremendous scale that preparedness, so far from being a safeguard, is provocative of war. Germany was the best prepared country and she struck at France through Belgium.

The balance of power or system of defensive alliances—France and Russia on the one side and the Triple Alliance (Germany, Austria, and Italy) on the other side—did not prevent the World War. Since the war France has formed defensive alliances with the new and smaller states of Europe.

At the present time the witches' cauldron is boiling up to the rim, "Bubble, bubble, toil and trouble." Italy, fighting for her place in the sun, has taken Ethiopia. Japan, with bitter conflict at home, is exploiting Manchuria and China. Germany is re-arming to become again the great Nordic power. She demands her colonies back. France above all seeks security. Austria is pulled hither and yon. Great Britain is backing the League. So are the smaller nations and Russia. The United States is "sitting pretty." In the meantime Spain is being torn asunder, with the Fascists and Nazis backing the rebels.

It is perfectly clear to one not obsessed with nationalism, that aggressive economic nationalism, uncontrolled by any international principle, is a constant state of latent war which is bound sooner or later to break out into *open* military warfare. Economic nationalism must be curbed by international agreement. We must have some sort of world order, of continuous and effective coöp-

eration between nations, to advance their common interests; to keep the peace and further the exchange, for mutual benefit, of economic commodities, no less than of ideas, works of art and science, ethical and spiritual insights.

To regard the irresponsible sovereign nation-state, uncontrolled by any international humane principle, as the final form of social organization is an obscurantist counsel of despair and it is not supported by history. Let us briefly review the changes that have taken place in the autonomous forms of human association.

In the Stone Age human society presumably began with the family; families expanded into clans based on blood kinship. Clans widened into tribes. Community of place, ways of doing things, and cultural borrowings led to the enlargement of the groups. The change from nomadic life to agriculture, with the improvements in domestication of plants and animals, in turn advanced the mechanical arts. The practical arts became differentiated and specialized and commerce increased. Cities arose. The ancient empires were all expanded city-states. The brilliant Greek civilization committed suicide, socially and politically, because of the economic and military rivalry of the cities—Athens, Corinth, Sparta, Thebes, Argos, Syracuse. Each city was an irresponsible sovereign state; like the modern nation only far smaller. They fought for power and wealth and they ruined themselves. The immediate cause of the Peloponnesian war was the commercial rivalry of Athens and Corinth. Corinth's foreign trade in vases and pottery was slipping away because of the superior appeal of the Attic pottery. Corinth started the war to recover her trade. In this she failed, although the outcome was a deathblow to Athenian political supremacy. This is the most striking illustration of many that could be given in the history of Hellas, Magna Græcia and Sicily, of the weakness of the Pan-Hellenic spirit; the fierce commercial and military rivalry of the Greek city-states. After Alexander and his successors one city—Rome—founded an Empire. The Roman Empire was truly an interethnic empire. It gave to the world, through its law and administration, the idea of an international order. This legacy passed to Christendom. The Christian Church

and the Holy Roman Empire were both expressions of the union of Roman Internationalism with a universal religion of human brotherhood based on a common divine Fatherhood. The forerunner of this Romano-Christian idea was the Stoic philosophy, which found expression in Roman law and which prepared the way for the Christian religion. Nations as omnipotent and irresponsible sovereign states are modern; have indeed come into being only within the last six hundred years.

Nationalism has usurped the place of both religion and rational conscience. One of the chief reasons for the persecutions of the Christians by the Roman authorities was the refusal of the Christians to worship the Emperor. They were also pacifists. And to-day one who refuses to fall down and worship the God-State, the keeper of his conscience, may be deprived of personal liberty; or shut out from the privileges of citizenship. The decisions of American courts put the authority of the State over the Christian conscience. A distinguished theologian and philosopher of Canadian birth has been refused citizenship in the United States, although he served in the World War, because he reserves the right to decide whether a war entered into by the United States is a just war before supporting it. This is but one of many instances that might be cited; for example, persecution of pacifist clergymen and laymen, discrimination against them; in evidence of the contention that the nation-state, in the minds of courts of justice and many of its citizens, has taken the place of the Christian conscience or the rational conscience, as the supreme moral arbiter, the absolute judge of right and wrong. Hegel said "the state is the march of God in history." If the State is the march of God in history, then the distinction between God and the Devil is blurred. But there is no doubt that, to many, the nation-state is God. It can do no wrong. For the international Church, as the interpreter of the mind of God, the teacher and guide in conduct, has been substituted the nation-state. Is this a gain? I hold rather that it is a moral and rational retrogression. Neither sheer weight of brute numbers nor power is a safe guide to right and wrong.

We need to emancipate our minds from this morally paralyzing superstition that the State is a fit object of blind worship

and of unquestioning obedience. The State is an *instrument*, for the furtherance of human well-being. There is nothing absolute or sacrosanct about the Constitution, the organization of the government. The State is just as much an instrument to better human well-being as a sanitary system or hospital system. It is more comprehensive, deep-going, far-reaching in its effects for good and for evil. But in principle the State was made for man, not man to serve the Moloch-State. Looking back across the history of mankind we discern these great steps in socialization: (1) The family. (2) The clan and tribe. (3) The city-state. (4) The imperial state, growing out of the city-state. (5) The territorial nation-state, ever expanding. (6) And finally, we may hope just coming into being, the International Order of Humanity.

Every step which involves the extension of the area in which common interests and common obligations are recognized is an advance towards the realization of the Commonwealth of Humanity. The clan community is an advance on the exclusive family community. The tribal community is an advance on the clan community. The city-state is a union of several clans or tribes, and therefore a further advance. The imperial city-state prepares the way for the recognition of the universal human community of interests and obligations. The nation-state is the expression of a cultural individuality. Its true purpose is to serve, in a certain area, as an instrument for preserving, increasing and transmitting the cultural goods—all the means of the good life (physical, technical, economical, educational, scientific, esthetic, and emotional) that have been developed by the community which shares in that territory.

Cultural nationalism is a good thing, when it is not forced on other peoples. The creative work of every people contributes to the cultural heritage of humanity. Science, scholarship and invention have no national boundaries. They are international. Plato, Aristotle, Newton, Einstein, Curie, belong to the race. So do the inventions of Edison, Marconi, the Wright Brothers. The arts and literatures of all peoples are sources of cultural enrichment. Greece is a perennial fountain in all the arts. The architecture, sculpture, painting, music, poetry of China, Japan,



India, Egypt, France, Germany, and Great Britain have enriched the world's cultural treasures.

There is no correlation between economic and military power and cultural creativeness. A modest accumulation of economic wealth sufficient to insure leisure is necessary to high cultural creativeness. Creativeness is not born of grinding poverty. But ancient Greece was small and relatively a poor country. So was Palestine. Florence of the Renaissance was a small city. England in the sixteenth, seventeenth, and eighteenth centuries was very creative. Germany had no national existence when at Weimar, Jena, Berlin the great creative outburst of German literature and philosophy took place. In recent times the cultural creativeness of Denmark, Norway, and Sweden have been altogether out of proportion to their population and wealth.

The true and fruitful conception of nationality is that a nation is a cultural community of equals, sharing in common traditions, memories, ideals and purposes for the enrichment of the humanity of its members; by which enrichment it creatively contributes to the spiritual heritage of mankind.

The beings who dominate this planet have now reached the critical point in their career in which, by reason of the technological revolution, that has made them all close and interdependent neighbors, it becomes absolutely necessary effectively to take the next step. This next step is to order the nations within the international order—to subject and control nationalism in the common interests of mankind. An uncontrolled, self-willed, ruthlessly grasping economic nationalism will now bring about its own ruin and will, if the contagion spreads, ruin the prospects of the good life for mankind as a whole. Uncontrolled nationalism is not only an anachronism but a most dangerous firebrand. We must make an end to it. We are members one of another. If one member suffer all the members suffer with it, if one member rejoice all the members rejoice with it—this social principle applies to nations now as truly as a few years ago it applied chiefly to members of the same province or state.

## 5. THE INTERNATIONAL OUTLOOK

It is now nineteen years since the close of the World War—"the war to end war" and "to make the world safe for democracy." The Versailles Treaty was signed on June 28, 1919, and came into force, by exchange of ratifications, on January 10, 1920. By it Germany lost certain Western frontier areas, and Alsace and Lorraine and all her overseas colonies; the whole left bank of the Rhine and the right bank to the west of a line drawn fifty kilometers to the east of the Rhine was demilitarized; on the Eastern frontier, by a plebiscite, part of Upper Silesia was given to Poland and a Polish corridor to the Baltic was established. The German army was limited to 100,000, conscription forbidden and restrictions placed on munitions making. The War Fleet was surrendered and sunk. Hereafter Germany was limited to a small fleet, with submarines forbidden. Heavy penalties were imposed. The dual monarchy of Austro-Hungary was broken into its constituent parts. Part went to Yugoslavia, part to Czechoslovakia and part of Hungary to Romania. Italy received the Trentino and Trieste and later took Fiume.

The Covenant of the League of Nations was the first part of the treaty. It guarantees the territorial independence and integrity of all its members, gives the supervision of Mandated Territories (the German colonies, Palestine, Syria, Mesopotamia, and so on) to various mandatory powers—Great Britain, France, Japan, Australia, and New Zealand. The League places racial and religious minorities under its supervision. It supervises disarmament. By Articles 12 to 16 the members of the League bind themselves not to go to war in disregard of its covenants, until three months of arbitration or inquiry by the council have elapsed. The members of the League may impose economic sanctions.

The League consists of two bodies: (1) The assembly, an annual international parliament, composed of representatives of all the member states. The United States is not a member and Japan withdrew in 1934, Germany in 1933; (2) the Council, the executive organ of the League. Its functions are analogous to the cabinet of a national government. It consists of fourteen

members—five representing the great powers: France, Great Britain, Italy, Russia, and Japan<sup>6</sup> and nine elected non-permanent members. At present fifty-five states are members of the League. The Secretariat is a permanent staff. The Permanent Court of International Justice (at The Hague) and the International Labor office are important organs of the League. There are also many important Committees and Commissions—for example on Communications and Transit, Health Organization, Economic Committee, Committees on Traffic in Opium, Women and Children. Thus the League carries on many important functions of an international character other than keeping the peace. It has settled more than fifty serious political disputes. Among these were the disputes over the Aland Islands, over the boundary of Silesia, the Corfu incident, the invasion of Albania, the Greco-Bulgar incident, the Memel and Mosul disputes, the differences between Hungary and Yugoslavia. It successfully carried out the Saar plebiscite. In 1935 it settled the Colombia-Peruvian dispute.

It condemned the Japanese invasion of, and establishment of a protectorate over, Manchuria. Japan thereupon withdrew from the League. The latter was unable, of course, without the coöperation of the United States, to enforce sanctions against Japan. On October 11, 1935, the League condemned Italy for going to war against Ethiopia (a member) and thereby rejecting the League's offices in settling the dispute. This is a flagrant violation by a major power of its covenants as a member of the League and as a signatory of the Kellogg-Briand Pact. Later fifty-four nations, meeting in the Assembly, voted to impose economic sanctions against Italy. Italy stated that such sanctions would be regarded as hostile acts. The League did not take the step of imposing an oil embargo on Italy, which Mussolini said he would regard as an act of war. Obviously if the United States continued to permit American oil to be sold to Italy a League embargo would be futile. It ill becomes citizens of the United States, at the same time, to condemn Italy's war against Ethi-

<sup>6</sup> Japan's resignation from the League became effective March 27, 1935. The resignation was due to the League's adoption of the report of the Lytton Committee which condemned Japan's aggression in Manchuria.

opia, insist on strict neutrality, and to continue to sell oil to Italy and sniff at the League.

Germany withdrew from the League in 1933; the withdrawal being endorsed by a plebiscite. Germany has repudiated the Treaty of Versailles and is re-arming at a swift pace. Italy is still a member of the League although it has defied the League's authority. Japan is pursuing its career of aggression in China. The chief menaces to the continuance of peace seem to be first and foremost, Nazi Germany, second, Fascist Italy, and third, Fascist Japan. Bolshevik Russia is for peace but is greatly strengthening its army, fearing both Japan and Germany. Austria, Bulgaria, Poland, Yugoslavia, and Turkey are dictatorships.

## 6. WHAT OF THE FUTURE?

Except Switzerland and Scandinavia, Holland and Belgium, all the countries of Europe are arming more heavily and in a state of great unrest. Germany, Italy and Japan—great powers who are overpopulated and deficient in natural resources for carrying on warfare under modern industrialism—are the greatest centers of danger. The United States is arming more heavily than ever before. The disarmament conferences have failed.

It is often argued that there are great unsatisfied countries—Italy, Japan and Germany—which require spheres of influence and undeveloped regions available for their surplus population and sources of raw materials for their industries; whereas Great Britain, France, Russia, and the United States have plenty of room and materials within their own borders; they are satisfied countries.

This whole argument is fallacious. In the first place, the British Dominions are economically autonomous. They buy and sell where they like. They do not pay any tribute to Great Britain's economic life. In the second place, industries get their raw materials and find their markets in other highly developed countries. We buy silk from Japan, and we ship lumber to Japan. We buy watch movements from Switzerland and France, lenses from Germany, and so on; one might go for many pages. Italy buys many things from us, and we from Italy. In the third place, the surplus

populations of these "unsatisfied" countries do not migrate to backward regions. There were about four thousand Italians (*including eighty-four farmers*) in the whole of Eritrea, which in its highlands is like Ethiopia. There are very few in Libya. There are only a few thousand Japanese in Korea and Manchukuo, whereas in the latter there are 300,000 Chinese. Before the war most of the handful of Germans in Africa were officials and soldiers. Even in Great Britain not a large number go to Canada. In 1934, 20,000 more Britons returned from Canada than went there. There was no work for British immigrants in Canada. The fact is that in highly developed countries few will migrate if they can help it, and when they do they prefer white men's countries.

There are three ways of dealing with the problem of surplus population: (1) a more intensive use of productive resources at home; (2) birth control instead of breeding future cannon fodder; (3) freer emigration when recovery from the depression opens avenues thereto.

The League of Nations is the only established organ of international adjudication and arbitration. In it at present lies the chief hope of peace. The League was established to guarantee the territorial independence and integrity of its members. But some features of the Treaty it guaranteed were unjust; although not so grossly unjust as the German Nationalists assert. The war-guilt clause was too strong. Reparations imposed were too heavy. The occupation of the Rhineland was too drastic. To perpetuate these injustices is to breed more wars. If the League is to function as an effective organ of international peace it must revise the terms of the Treaty of Versailles. It must address itself to the problem of reallocation of raw materials and opportunities. It must revise its Mandates and colonial settlements. It must see that the unsatiated great powers have better access to raw materials and markets. It must work for the reduction of tariff restrictions. Without international economic agreements, without some sort of organization for the maintenance of a dynamic international order, there is small hope of permanent peace.

## 7. CHAUVINISTIC NATIONALISM AND WAR

The most outstanding feature of modern Western culture, especially in the twentieth century, has been—*not* the growth of individual liberty or democracy, *not* the growth of the influence of science pure or applied, *not* the industrial revolution, *not* the enormous development of capitalism from industrial- to finance-capitalism, but—*the growth of extreme nationalism*. The typical nation-state to-day is a highly organized institution which has absolute sovereign power over all other institutions, groups and individuals within its borders and it recognizes no allegiance to any higher sovereign power; not even to a God, though it may verbally recognize one. The physical and mental well-being, the very lives, of its members—citizens or subjects—are entirely within its power. All the laws controlling the production and distribution of goods, contracts, financial obligations and the medium of exchange are made by the state. All other organizations or associations or groups—labor organizations, employers organizations, religious bodies, cultural institutions, political parties—exist on sufferance by the state. The sovereign state is the real daily working God of Western man. And the nation-states have multiplied since the World War. New ones have appeared in Europe and the clamor for national independence is heard in India and Egypt. The sovereign nations are thrown more closely together than ever before by the enormous increase in speed of communication and transportation. By the spread and increasing differentiation in industrial life they have become at once far more interdependent and competitive. Commerce and finance are international in certain aspects, but primarily those who carry on these activities are dependent on their own states.

Ultrationalism, not Capitalism, as the Marxians assert, is the most formidable foe of peace, good-will, and humanity to-day. Russia, even under Bolshevistic internationalism, might become infected with jingoistic nationalism. The assertion, commonly made by Socialists, that the *sole* cause of war is Capitalism is not in accord with the facts. It is only Capitalism tied up with nationalism and imperialism. A socialistic country might become

very belligerent. Indeed the Socialists in Germany supported the war in 1914 and the French Socialists were patriotic. Capitalism, in its largest aspects as pure Capitalism, is international. It is only the munitions makers who are interested in promoting the war spirit. No: It is the combination of Capitalism with the spirit of national expansion and aggrandizement that breeds war. Not only does trade follow the flag; but, where weaker peoples and more backward regions are concerned, *the Flag tends to follow Trade*. It is the nation as an economically competing and greedy political unit that goes to war to gain an advantage. Moreover, because of the strength of the herd instinct and especially in the form of the individual's enormous susceptibility to the suggestions, through propaganda, that his national being is being hampered or threatened, he is incited or cajoled into marching with the crowd. The organs of propaganda have greatly increased their power over individuals and groups. Add to these the increased power of control of the well-organized group that possesses the guns, the gases, and aëroplanes, and can control and poison the organs of information, and we have a very inflammable state of affairs in our complex world.

The spirit of militarism is identical with the spirit of Fascism—control and command from the autocratic top downward; no effective check from the bottom upward. There is no place in the military system or the Fascist system for effective criticism or individuality. When the military power is ready it launches its drive and suppresses all news or opinion counter to its policy. In July 1914 the German General Staff had its blue-prints all ready to drive through to Paris and have the victorious conscripts back home for Christmas. To-day Fascism in Italy and Germany is repeating, or preparing to repeat, the same sort of story. The young are inflammable and easily misled. The older ones are seemingly unable to free themselves from the dictatorial rule. So long as nationalistic dictatorships remain in authority in numerically powerful nations I can see no hope for lasting peace.

## 8. SOME SUGGESTIONS

1. No war to be declared without a plebiscite of the voters. It should require a three-fourths affirmative vote majority decision with at least 80 per cent of the voters taking part, or at least a three-fourths affirmative vote of popularly elected houses of representatives.

The history of the World War shows clearly that it is unwise to leave in the hands of cabinets and ministers of state the question of war. Europe was hurried into a war in July-August 1914 largely by the incompetence of the cabinets and the undue influence of small numbers of powerful individuals.

2. All munitions making and traffic to be subject to strict national control. This control should forbid not only collusion between munitions makers of different nationalities, but the coöperation of war departments in aiding the sale of national munitions abroad. No members of any firm of munitions makers should be permitted to hold securities in, or otherwise have a financial stake in, any foreign munitions plant.

3. The effort towards disarmament should be kept up. Every effort should be made to strengthen the agencies making for international peace. In particular the United States should be a member of both the World Court and the League of Nations.



## CHAPTER XXXI

### DICTATORSHIPS AND DEMOCRACIES

THE GREAT DICTATORSHIPS, those of Lenin, Stalin, Mussolini, and Hitler, arose as a consequence of the World War and its psychical and economic aftermaths—dire poverty, despair, disillusionment, emotional upheaval, and economic and social disorder heading towards anarchy. In Italy the revolt of the workers under socialistic leadership prepared the way. In Germany the democracy lacked vigor enough to carry on under the tremendous handicap of the Versailles Treaty and the burden of reparations. In Russia the old Czarist Government had completely collapsed, and the Social Democratic Provisional Government under Kerensky was impractical and weak; whereas the Bolsheviks had a firmly knit organization of professional agitators with a definite revolutionary program, shrewdly combining Socialism for the industrial workers with distribution of land to the peasants. The democratic government had failed to get the peasants' support.

Given strong and ruthless leaders of well-disciplined groups, the rest was easy. The World War had left everywhere a social habit of using, and being used by, spies and secret police. Suspense, distractedness, suspicion and fear were rampant. The secret police were, in all these cases, the most effective agency for the establishment of dictatorial power. They continue to be so. It is firmly inculcated that it is the duty of the citizen to spy on his neighbor and to report him to the police.

Being above the law, the dictators and their minions have a tremendous advantage in the control of technology—machine guns, automobiles, bombs, aéroplanes, the radio, the motion pictures.

They are forever staging great meetings, parades, and displays of all kinds. Not a week passed while I was in Italy, Germany and Russia without a great public show of some sort.

The herd-mind is continually being conditioned by these mass stimuli.<sup>1</sup>

The complete regimentation of the minds of all their subjects, the absolute suppression of differences of opinion, the formation of the mass of their peoples into subservient robots, into smooth working bundles of conditioned reflexes, as the behaviorist would say—such is the goal of dictatorship whether in Germany or Italy. In Russia they proclaim the goal to be a socialized democracy. Their new constitution is a step in that direction. They seem to be moving towards democracy, while Germany moves farther away from it. The dictators are ardent practitioners of the mechanistic-behavioristic psychology of man. The “conditioning” is done by an inflexible dogmatic organization of education and propaganda to apply the right stimuli to the human white rats. Drill, parades in uniforms, with blaring bands, anniversaries, *levas*, magic symbols—the Swastika, the Fasci, the Hammer and Sickle, the Salute! Everywhere pictures of the dictator; absolute control of the radio. Education is regimented from top to bottom. In Germany Rosenberg is *Dictator of Philosophy*. No one in Germany may question the dogmas of Holy Nordicism, Eternal Teutonism. No one in Italy may question that the Totalitarian or Corporate State is *the* divinely appointed order for the present and future. The German law of 1934 makes death the penalty for whoever attempts to maintain in existence means of organization (continuing the maintenance of a party), and whoever attempts to influence the masses by the publication and distribution of written matter critical of the Nazi creed and policy. To attack the reputations of *der Führer*, the party leaders, State and party organizations, or to call attention to past events in the lives of State and party functionaries, however true the statements, if said events are calculated to harm the reputation of the individual in question, are classed as criminal acts.<sup>2</sup>

The punishments under a dictatorship, for expressing an opin-

<sup>1</sup> I do not know whether to award the first prize to the Fascists or the Nazis on this score. Perhaps it is a tie. But the Russians are a very close second.

<sup>2</sup> Summary of the New Criminal Code as reported in the *New York Times*, Nov. 6, 1936, pp. 1 and 15.

ion at variance with the dictatorship, are fines, imprisonment, torture, summary execution.

No one in Russia may question the dogmas of dialectical materialism nor doubt the plenary inspiration of Marx, Lenin, or Stalin not even when their utterances are at variance, as they sometimes are. For example, whereas Marx proclaimed, as the principle of reward in the communistic State, "to each according to his needs"; the principle now in operation is "to each according to the quantity and quality of his work." What the individual may regard as his needs are not taken into account. Six, eight or even ten rubles a day do not provide very comfortable living, as prices go in Russia.

In Germany, as in Italy, the people are called upon to tighten their belts so that Eternal Germany and the grandeur that was Rome and is Italy may grow larger. Nazism has involved reduction of wages and increase of prices. The same thing has happened in Italy. Now the regimentation in Germany becomes ever more stringent.

The most salient characteristic of dictators is colossal egotism. This is true, even when the dictator works earnestly for what he regards as the welfare of his people. Of course, a leader in a critical time must believe in his own policy and have vigor and self-assertiveness. But the dictatorial mind grows to gigantic proportions by what it feeds on—irresponsible power and adulation. Plato said, Power is poison.<sup>8</sup> The dictator's ego swells up to complete identification with the ego of his nation or race. He becomes, in his own mind, a Divine Providence with charismatic or wonder-working powers. He must strut the stage with great swelling words full of bombastic sound and fury. In order to continue to command the adherence of the National Egoism he has fostered, he must fulminate and threaten. So Hitler and his aides thunder about Jewish Bolshevistic Barbarians, stolen colonies and mandates, Germany robbed by reparations of her gold, and so on. Mussolini thunders against Democracy, Bolshevism, the League of Nations, Pacifism, Internationalists, and the like. Let any intelligent citizen of a democracy, tempted to wish for a Mussolini or a Hitler, read the records of their utterances as

<sup>8</sup> Plato, "Tyrannical Man," *Republic*, Book IX.

well as their deeds, and compare them with those of a democratic leader in a great crisis, such as Abraham Lincoln.

The Totalitarian State is dictatorship in being. It ruthlessly suppresses all opportunity for the nurture and free play of spiritual individuality. It denies to the reason and conscience of the individual any place. The personal spirit, as such, has no rights, no values. All the value that the individual has he gets as a cog in a vast machine.

I venture to prophesy that these Fascist dictatorships will not endure long; and that the longer they do endure the worse off will be the peoples whom they have regimented. The problem of carrying on a social order in our complex societies is very difficult. It needs, above everything else, as much sense of freedom, responsibility and intelligent initiative and vigor in as many members of society as possible. These powers can only be matured in a free society. A machinely crammed, wholly regimented society is headed for ultimate anarchy.

# 1. METHODS OF DICTATORSHIPS

The methods of the Nazi and the Bolshevik dictatorships to attain social unity are similar—espionage, arrest, terrorism, and execution. Both have incarcerated wholesale suspected persons. Both have made liberal use of terroristic executions. The brutality of the concentration camps in Germany is too well attested to be doubted (the present writer has had direct testimony). Banishment to Siberia is credibly reported to be a common punishment in Soviet Russia. Both have executed many persons whom they have regarded as spreading disaffection or plotting against the régime. After the assassination of Kirov in December 1934, about two hundred were executed in Russia and again in August 1936, 16 including Zinoviev and Kamenev (who had indeed been persistent factionalists) were tried and executed. In January 1937, 17 were condemned, 13 to death. Since then arrests and executions have gone on apace. The Hitler purge of June 30, 1934, has already been sketched. And there have been frequent well accredited reports of the disappearance of suspected individuals whose remains might or might not be found. In one

case, it is alleged, a wife, beseeching information in regard to her husband, was informed that he would be returned to her. Finally, his ashes were returned in a box. The Nazis have revived the medieval practice of beheading traitors with a battle ax. Hitler said during the struggle for power: "Heads will roll." They do.

Such are the prices paid in terrorism for unification of direction and goal under the Nazis and Bolsheviks. But the goals are different. The supreme aim of the Nazis is a greater Germany—a Germany that shall be the dominant power in Europe and shall take whatsoever is necessary to that end, the Ukraine, for example—a Germany which will embrace within its fold *all* the German-speaking peoples.

The declared aim of the Bolsheviks is to realize a democratic socialism, equity of opportunity (not flat equality) for the realization of personality with freedom on the part of all who agree in regard to the goal. There is in Soviet Russia freedom to criticize specific methods and personalities concerned with the actual realization of the end and the means thereto. But there is no freedom to criticize the general means to the end; that is, socialistic ownership of the implements and means of production; just as there is none in Nazi Germany.

Can a society which offers reasonably free scope and opportunity for the fulfilment of personality-in-community be realized in these ways? It cannot be done by the Nazi methods and aims. To make the supreme goal the commercial and military dominance of one nation, and to regard all human individuality as mere means to this end is to reject personality as the final value.

Can the end be realized by the methods of Bolshevism? I take it that the end there is personality-in-community. But can this end be realized by the use of such drastic terroristic means? Certainly not. Forcing every one to hew to the party line in every respect is not the way to realize personality.

The Webbs argue that the Bolshevik party is not a party in the ordinary sense. It is a carefully selected, highly disciplined and devoted minority group of leaders—a "Samurai" class such as H. G. Wells demands to salvage civilization. Its function

is to lead and direct the majority to the realization of equity of opportunity to live the good life under the conditions of scientific industrialization.<sup>4</sup> Like the state as the instrument of class power, which Marx said would wither away under full socialism, the Bolshevik party, as a party, will wither away as the majority in increasing measure becomes imbued with the socialistic-democratic ideal. In short, all the citizens will become identified with the party. This may be a correct prophecy but I am skeptical.

Certainly the proposed new constitution recognizes the rights which are fundamental in a collectivistic democracy—the right to work, to rest and leisure, to education, to social security, to freedom of religious worship as well as of anti-religious propaganda, freedom of speech, assembly and organization. On paper the citizens are guaranteed inviolability of persons, homes and correspondence. But all these rights are enjoyed within the limits set by the Communist party.

## 2. WHY DICTATORS?

Dictators are no novel phenomena. Indeed, as military leaders ruling with the iron fist, they have been frequent features in the histories of most societies which have emerged from the agricultural and pastoral state. They arise in times of tense social struggle. Nevertheless, in view of the great increase in literacy in modern Western civilization and the rapid and easy dissemination of information by the multiplication of means of discussion, the general incorporation in political societies of constitutional guarantees of civil liberties, and the rapid spread since 1688 of representative government and political democracy; the present large crop of dictatorships in Europe raises the question whether even the most literate societies, under the complex conditions of modern industrialism, are capable of representative self-government; whether, in short, Mussolini is not right when he refers to the "putrescent corpse of the goddess of liberty" and pours scorn upon liberal democracy.

<sup>4</sup>Sidney and Beatrice Webb, *Soviet Communism—A New Civilization*, Vol. II, pp. 1130-1132.

The Greek democracies, which for a time won out in the struggle against tyranny and oligarchy and then declined rapidly, were very different from the democracies of to-day. They were small, exclusive, and based on privilege. No one could be a citizen in democratic Athens of the Periclean age unless all of his grandparents were citizens. They were *direct, not representative, democracies*. The choice of officials, leaders, juries, and so on, was by lot, not by election. There was no sharp distinction between legislative and executive functions. Modern democracies, on the other hand, must be elective; and there are two fundamental difficulties that face democracy in our complex large-scale societies. These are: First, how can the mass of citizens, with abilities and knowledge ranging from, say 90 per cent to practically zero, elect high-grade representatives? Second: even if, perchance, high-grade representatives are chosen, how can they represent fairly all the conflicting interests of individuals and groups clamoring for special consideration?

When we add to the above general considerations, the tremendous economic stresses and strains, with the consequent social tensions, produced by the Great War with its enormous wastage, the huge debts it piled up, the monetary inflations and deflations, and the great depression, which resulted from the previous causes working together with the great increase in productive capacity without a corresponding distribution of effective consuming powers, it is small wonder that there has been a large crop of dictators.

Italy never had been in moderately easy circumstances, and her economic difficulties were much aggravated by the war. Moreover, Italians had had only a very short experience of liberal democracy. For it they were not to the manner born. The Fascist party promised unity and orderly coöperation. There was in pre-Fascist Italy a multiplicity of parties running at cross-purposes.

Germany, notwithstanding its general literacy, widespread high education, and advanced technology, was staggering under an economic load that no party could have lifted. Germany was not habituated to liberal democracy, and, moreover, was handicapped by an even greater multiplicity of conflicting parties than

Italy. The large German middle class, suffering under terrific economic burdens, was threatened with extinction. Smarting from the stings of humiliating defeat and imputed war guilt, Germany suffered also from a national inferiority complex. The Nazis promised restoration of economic well-being, and the restoration of Germany to international greatness. To attain these ends civil liberties must be given up. The members of the nation must be hammered together into a powerful Totalitarian State, in which individual variations of opinion must be subordinated and, if necessary, ruthlessly suppressed, in the interest of national greatness.

The greatness of the nation-state is made the supreme end. The thought, the conscience of the individual must bow abjectly before the *God-state*. International humanitarianism is trampled in the dust. Any religion, which affirms that there are *universally human moral values*, duties, and rights, must be disciplined. The Kingdom of God, the ideal commonwealth of humanity, the stoic empire of reason, mean nothing to the God-state of Fascism and Nazism. Of course, in Italy, the Roman Catholic Church being the church of the vast majority of the people, the Fascists make a compromise with it. But in Germany, where neither Catholicism nor Protestantism has a great numerical preponderance, both must be coördinated. Inasmuch as war is glorified as an expression of power, and it is held that the greatest privilege of women is to breed patriotic warriors, and the greatest privilege of men is to sacrifice themselves for their country, it naturally follows that the religion which leading Nazis would set up is that of militant nationalism, a pagan worship of nature and of Wotan, god of battles.

The present situation in Italy, and in Germany, and in many other smaller countries seems to me to support strongly two principles in social psychology:

1. Personal civil liberties—by which I mean liberty of speech, publication, assembly, and discussion—have a very precarious foothold in the great society. It is a debatable question whether the majority of human beings, even in our so-called advanced civilization, really care enough about these liberties to make any sustained effort to retain them. Perhaps most people care more



for economic well-being, personal safety, and freedom from responsibility than they care for liberties.

2. In a condition of economic deprivation and insecurity, with social confusion and conflict, the lower mass psychology becomes dominant. People are easily gulled and excited by propaganda stimuli, applied by demagogues to the mass pitched up to a high degree of suggestibility. A release from worry and individual responsibility is gained through the development of great waves of irrational mass emotion. Organizations, with uniforms, mysterious emblems, military music, flamboyant catchwords, all the tricks of demagogic propagandism, are skilfully applied to fan the devastating flame of mass emotion, which swamps the reflective consciousness of the individual and engulfs personal conscience. Mass emotion, with its dethronement of thought and its enthronement of blind animal impulse, stimulated to the highest pitch of intensity through the contagion of the crowd, becomes sadistic. The crowd looks about for victims on which to vent its sadistic appetite. It is absolutely necessary that scapegoats be found. Well, in Germany, there are the Jews and Communists. If Jews and Communists are not conveniently at hand, any one that the leaders of the mob have a grudge against will do.

In a great people after four years of war—followed by fourteen years of national humiliation and internal suffering, the hunger for unity of control and direction increases enormously their suggestibility and docility. They easily succumb to a union of panic fear and mass hypnosis.

The greater susceptibility to mass hypnosis of one people—such as the Germans—than another people—such as the English or French—must be due to their historical conditioning; in other words, to the fact that they had been socially conditioned to “goose-step” behavior and feeling before the war; unless there is a peculiar racial blend that makes them biologically more susceptible. It is difficult to conceive that Scandinavians, Dutch, French, or English would have been so easily mastered by the arts of a superdemagogue like Hitler, even when backed up by violence and incessant propaganda.

All “national” crowds are always more or less strongly sug-

gestible. Flaming posters, cinema, radio, and especially masses marching in uniform with blaring bands, symbols, and highly emotional songs (*Horst Wessel Lied*, *Giovanezza*) greatly increase this suggestibility. In a lesser degree a great deal of electioneering consists of the same sort of mass hypnotism.

The control of the modern war equipment—explosives, automatic machine-guns, radio, aeroplanes—by a well organized and determined minority gives them control over a large majority of intimidated and helpless people. Dictators to-day live by a combination of mass propaganda and terrorism.

Under the complex conditions of Western civilization—the complexities of distribution, finance, internal government, and foreign policies—especially when economic self-sufficiency is aimed at by the rulers—the common citizen feels himself, and is, far more helpless than he was in a simpler and numerically smaller society. We are all in danger of becoming puppets in the paws of that greater monster, the State; which means, in effect, the determined minority that, whether by hook or by crook, get themselves into the seats of the mighty. There is a great truth, although not the whole truth, in R. Niebuhr's theme: *Moral Man and Immoral Society*.

The other side of this mass suggestibility of the national tribe is the touching way in which individuals will sacrifice their private interests and values, even prostitute their intellects and consciences, for the glory of an abstraction—of Eternal Holy Germany, Immortal Italy, or England, or the Empire, or "America." There is no such entity as "Eternal Germany." Certainly it is not holy. Mussolini has not revived, and cannot revive, the Roman Empire. The modern Italians are very different from the ancient Romans. History does not repeat itself on the large scale.

What is the meaning of this enthusiastic devotion and sacrifice of human personalities to an abstraction, a nonentity that exists only in their inflamed imaginations, overheated by clever propaganda and dictatorial showmanship? Is it not that the people seek compensation for the poverty, emptiness, and insecurity of their own individual egohood, through a submergence which is

at the same time an exaltation, an ecstasy, in the national ego? National megalomania is a substitutionary compensation for individual frustrations and fears.

Formerly the compensation was found in supernatural religion. This has largely lost its hold—the national ego is substituted for the God. Hitler once wrote, "We need no God but Germany."

It is a poor substitute—an impersonal abstraction, impersonated in a demagogue and his minions, substituted for a holy personal Friend and Savior. The individual must, for his soul's health, serve values and ends beyond himself as he is. "Unless he can above himself erect himself, how poor a thing is man?" But the nation-state is not a safe and sufficient all overruling Providence, a God and object of worship. A man, to be in spiritual health, must either find a transcendent person or persons, or he must, if he be philosopher enough, devote himself to *ideal values*, such as justice, integrity, fair play, neighbor love, without leaning on a Cosmic Support. I do not mean that these two devotions are mutually exclusive. Indeed, I might argue, that devotion to ideal values implies that there is a real-ideal personality in which these values, in their completeness, dwell. Here I am concerned only to insist that, ultimately, all values find their real centers only in individual personalities; and that their true circumferences do not reside in states, which, whether ruled by hereditary monarchs or self-chosen dictators and their henchmen, or by representatives elected by a majority of the people, must rest on force and compromise, and forever be inadequate to the fulfilment of spiritual personality. No, the true circumferences of values are in the communities of free intelligent co-operant individual personalities. The *ethical* justification of the State consists only in its promotion of personalities. The ethical State is never an end in itself. It is always only a means. The Fascist "ethical state" is a misnomer. Fascism and Nazism make the individual only a means to the life of an impersonal and non-existent monster—"Eternal Rome" and "Holy Germany." The Soviet system is nearer the ideal in its ultimate aim. It claims to further the fulfilment of personality in all citizens. The question is whether its ruthless and wholesale methods of reaching this end, through a dictatorship controlling production, does

not tend to defeat the end by making the individual a subservient cog in a vast bureaucratic machine.

Nazism is the most appalling evidence, in the modern world, of the precarious existence that enlightenment, reflective thinking, moral humanitarianism lead in our so-called civilizations. I draw two conclusions. First, that Western civilization will go to pieces unless we succeed in finding a way to economic stability through successful coöperative effort towards decent living conditions for all. Second, that probably the above end cannot be attained without the resurgence of a humane international ethics, clothed in the imaginative symbols that will stir and direct the emotions of men towards this end; in short, a spiritual religion of humanity.

Dictators are false Messiahs. No single human being is ever able enough and good enough to have the power of a dictator. A dictator may start out with good intentions, but his power goes to his head. He becomes a megalomaniac. In order to justify his superhuman wisdom and power, he makes promises that he cannot fulfil and, in the long run, he leads his people in the paths of destruction. The great dictators of to-day, Fascist and Nazi, keep their power by playing up an exaggerated nationalism and repudiating the notion of international rights and obligations. Now the exaltation of the nation—of Italy, or Germany, or any other—at the expense of the rest of humanity, the doctrine of the grandeur that was Rome, or the expansion of the greater glory of the superior Nordic race, can only have one of two issues. Either the God-state will be plunged into war to its own destruction and the destruction of the dictator; or, second, the cost of ever expanding nationalism will become so staggering that the nation will become bankrupt and economic disaster will lead to civil war and the ruin of the dictator, if he survives. In either case I think one can say of the dictator, with a fair degree of confidence: "After him the deluge."

The dictatorship of the proletariat, under Stalin, in Russia, is of a different type. It does not reject or flout democracy, although it postpones its accomplishment. Its declared aim is social democracy. Whether it will ever attain this aim it is impossible to predict. It is safe to say that if it continues it will

evolve into a liberal democracy, but at the cost of great effort and suffering. There are indications that it is moving that way now. From the standpoint of liberal democracy, the Union of Soviet Socialist Republics has one outstanding merit. It does not elevate the State to the position of a mystical entity, a god which all the citizens must slavishly serve. It is not ultra-nationalistic. Indeed it is not nationalistic at all except in so far as it is forced to be. Its philosophy, its declared goal, is international democracy.

Perhaps with an immense mass of illiterate people living, as far as agriculture is concerned, in the fourteenth century, with such a heterogeneous population socially primitive and with a fatalistic Oriental mental attitude, the dictatorship was the only way in which Russia could be modernized, mechanized, and made literate. At any rate that has been the actual way. They have started from a disorganized chaotic economic and social condition and achieved much. May they prosper!

### 3. DEMOCRACY, DICTATORSHIPS, AND CIVILIZATION

I understand by "civilization"—the prevalence of the spirit of reasonable humaneness and tolerance, the spirit of live and let live, a decent respect for the other fellow's mental or spiritual individuality, the readiness to permit the expression of various opinions, however odd, crotchety, or foolish. To sum up—the *quintessence of civilization consists in mutual respect for spiritual personality. This respect finds expression in civic and spiritual liberty.*

In this sense Great Britain, France, Belgium, Holland, Scandinavia, Czechoslovakia, and Switzerland are the most civilized of European countries. Germany and Italy, especially Germany, were behind at the outbreak of the World War. They have since retrogressed. *There is no genuine spiritual liberty in Germany to-day, not much in Italy.* The thunderings of the Nazis against the "Jewish Bolshevistic Barbarians" of Russia are a case of the pot calling the kettle black; the kettle is bigger, but there is not much to choose as to their social complexion. The grounds for these differences in civilization can hardly be racial in the biolog-

ical sense. Both Germany and Italy are hybrid races, Italy more so than Germany. Italy has been more individualistic in the civic and mental sense.

Doubtless Germans are more given to *Schwärmerei*, to a reveling in large and mystical imaginings. Nevertheless the scientific achievements of Germans indicate that this aspect of German mentality is overemphasized. Germans can have as many diverse opinions, on other matters than politics and social order, as any other people. Making due allowance for the feeling of hopelessness engendered by the long economic deprivations and the political confusion and ineptitude, as causes of Germany's civic retrogression, one must still ask why this fierce affirmation of a jingoistic Germanic nationalism? Why this heaven-storming ambition for a *Middle Europe* dominated by a Germany which shall include all German-speaking peoples and make the others their pawns?

The explanation is, I think, that the nationalism of Germany, as of Italy, is so new as to be raw. Their consciousness of nationality is acutely sensitive and vociferous because it is such a recent acquisition. As to Italy there is a saying current there now that runs: "Cavour founded modern Italy, Mussolini developed it and England united it."

It is, on the mass psychological scale, analogous to the social rawness and acute sensitiveness of a family that has just arrived at a promotion in the social scale that it has long striven for. It is a notorious fact that the members of such a family, especially its female and adolescent members, are usually snobbish and jealous, ever on the watch to make others respect their position and on the alert to improve that position; whereas, in those to the manner born, the sense of position is a second nature taken for granted and that does not often rise into consciousness from the subconscious.

So it is with nations. With an Englishman or a Frenchman patriotism is a second nature; normally a massive subconscious disposition that only comes into consciousness at critical times, and even then is a calm and massive sentiment rather than a vociferous emotion.

After centuries of internal welfare and division into particu-

laristic little principalities, Italy and Germany became politically united sovereign states only in 1870 and 1871. Before unification in 1871 there were over twenty independent states, including the free cities, in the territory of the present German Empire. There were ten states in the territory of Italy before unification in 1870.

The first unification of Germany was achieved by a combination of force, iron and blood, and guile—Bismarck's falsified telegram from Ems to provoke the French to war, after that dupe Napoleon III had put his foot in it. Behind all this lies the fact that the final unification of Germany was achieved through Prussia, and that Prussia had become the most regimented and militarized state in Europe. The original Prussia is a land poor in natural resources; and it was almost entirely agricultural in economy with the Junkers and agricultural laborers—no independent peasantry and no strong middle class. The army and the bureaucratic state services, as well as education, were reformed after the crushing defeat at the battle of Jena (1806). The army was placed on a basis of universal military service. The army and the bureaucracy became the chief resorts for the younger sons of the Junkers. Even when the franchise was extended it was on a plutocratic basis—the three-class system, by which the wealthy men had three votes for every one of the poorer voters. The traditional spirit of Prussian government was an enlightened despotism. Never was there freedom of discussion of political and social questions outside the universities; which had more freedom because Göttingen in Hanover, the most famous, had been founded under the English influence. The system of education and the press were thoroughly regimented. The unification of Germany meant its Prussianization, that is, its regimentation. This accounts, at least in part, for the much greater docility of Germans than of English, French, and even Italians. It was, too, a very fateful step for Europe, that Prussia and Prussianized Germany had a universal military service which demonstrated its swift efficiency in 1870-1871. *Europe to-day is suffering from the effects of a general militaristic Prussianization.* Of this the Nazis are only the most drastic exemplifiers under changed economic conditions, that is, in a Germany highly

and collectivistically industrialized. Of course, the liberal elements—the middle-class manufacturers and tradesmen and even the workers—increased their influence and gained more rights. Social Democracy became numerically powerful though working under disabilities. Germany became somewhat liberalized. Nevertheless, for example, in 1896-1897, when I was a student there, the amount of regimentation and militarism was as striking as the docility with which it was received. I was present at meetings of various parties in Berlin in 1897 to protest against the proposed *Vereinsgesetz*, which prohibited any one from attending a political meeting, much less joining a party, until after he had had his military service. These meetings were strictly censored, and when the police thought anything a bit radical was said, the meeting was dissolved forthwith and the persons who had accepted responsibility for its conduct were arrested. I recall bringing home to my pension, kept by a highly intelligent German family, a copy of the *Sozialistische Monatshefte*, to the alarm of my host, who had fought in our Civil War, and pointed out to me that "freedom" in Germany meant freedom to drink beer and philosophize, but not to have any commerce with heretical political opinions. No Social Democrat could occupy a university chair. Scarcely any one holding mildly liberal political opinions could occupy a position in state educational institutions. These institutions furnished pleasant positions for unpolitically minded scholars. At the same time, for military and economic reasons, all sciences which had technical applications were fostered; notably chemistry. Education was directed to make docile servants of the almighty militarized state. The Social Democrats were not able to have a proportional representation in the Reichstag, since the cities, where the workmen lived, were grossly underrepresented in comparison with the rural districts.

The most serious difficulty was that the increase of population in a land of rather limited resources was constantly stimulated for military purposes—to make more soldiers. The need of increasing exports in order to be able to feed and drill and equip this rapidly increasing population, with its huge army and growing navy, led Germany to demand advantages and concessions in foreign markets. If revolution was to be headed off at



home, and threats did not suffice to secure sufficiently favorable trade agreements and concessions abroad, the only recourse would be for Germany to use its powerful army and navy to wrest by war a better place in the sun.

To-day, 1937, we see repeated an essentially similar but more tense situation to the one which led to the World War; and with the complication that Italy is a stronger ally and Communist Russia a far more formidable opponent. Britain is not fully armed and France is in the throes of social conflict. What we see to-day in Nazi Germany, and to a less extent elsewhere, is nationalism gone insane. Italy is nearly as mad as Germany. The only alternative before the free nations are: (1) arm to the teeth, or (2) submit to be raped, or (3) relinquish their own economic nationalism. The Nazis and the Fascists are not so insane that they cannot be awed by superior force. Nothing less will stop them unless their economic distress is eased up. But a competitive race for larger armaments among the nations can only have one final issue—the economic ruin of all and the consequent collapse of civilization. If arming to the teeth brings another World War, this will speedily destroy Western civilization. If the competition goes on without issuing in war, because one is afraid and the other dare not, more slowly but none the less surely, will civilization be strangled by the increase of debts and the decline of the means of livelihood by nations striving to become militarily impregnable. This cannot be done.

The free nations are not free from economic nationalism—from attempted economic self-sufficiency in the face of the interdependence of all nations under the new mass industry. We have practised it in the United States. France has done so. Even Great Britain has tried it to a considerable extent. Economic nationalism can lead only to increasing poverty, aggravated by the armament race, and this ultimately to war as a last desperate resort.

With the new national self-consciousness and the tremendous industrial development of the new Germany, came envy of the colonial empires. Germany must have one, too. She rattled the saber frequently and was, up to and including the outbreak of the World War *for which the heaviest responsibility did lie on*

*the German Government*, the greatest disturbing factor in European affairs. It is to be noted that in her quite extensive African colonies only 24,000 Germans were settled and that these colonies probably cost Germany more than they yielded.

Italy likewise later demanded her place in the sun. She had had Eritrea for forty years and about four thousand Italians settled there, and later a few in Libya and Somaliland.

To the outside world the greatest danger of these Fascist nationalisms—like the Eastern danger of Japan—is that, with all effective opposition or even criticism ruthlessly crushed at home, and with no principle of international law or pledged word regarded by them as binding, since the dictators, working for the aggrandizement of their totalitarian states, can do no wrong; they will stop at nothing to attain their ends but a show of superior brute force. *In any nation which is organized and regimented for the purpose of carrying on successful war civil liberties will be restricted and suppressed. Agitation for peace, reduction of armaments, criticism of governmental policies will be ruthlessly stamped out. What is a temporary abrogation of liberties during an actual war becomes permanent when, and in so far forth as, the nation is primarily organized for making war as a paramount policy. In the free nations—Great Britain, the United States, and France—during the World War civil liberties were severely restricted; and there ensued a loss of regard for civil liberties which persisted after the war. Consequently, the very existence of totalitarian states, which proclaim the necessity and nobility of war means not only the total loss of civil liberties within these states; but in view of the inevitable international contacts, the impossibility of isolation of nations to-day, constitutes a permanent threat to liberties in the free states. It is a mark of either unintelligence or cowardice and loss of moral fiber, for citizens of free states to profess and practise indifference to what goes on in the totalitarian states. The absence of civil liberties in fascist and communistic countries is a standing and actual menace to the liberties enjoyed in free states. If one believes that civil liberties are conditions of the truly civilized life, one cannot be indifferent to their disappearance in any important state. One cannot say, "It is none of our business what*

type of government Germany or Italy has." *It is our business*; since the very power and aggressiveness of dictatorship in these countries is a constant threat to our enjoyment of civil liberties at home.

As I write this, a fine specimen of the ways of dictators is presented to us. To avoid the danger of a European war in the case of the Civil War in Spain between the Rightist rebels and the Leftist legally constituted Republic, France, England, Germany, Italy, and Russia agreed not to supply arms to either side; although, under international law, the duly constituted government of the Spanish Republic should have had the privilege of purchasing arms. There is good evidence that this neutrality has been violated from the very beginning of the Civil War. American correspondents have seen many German and Italian war planes and tanks with the rebel army. These have wrought great havoc in Madrid. It is charged that Russia, finding that Germany and Italy were violating their agreement, ceased to abide by it.

Moreover, Mussolini and Hitler have recognized the Rebel Government as the legitimate government in Spain. At the time of writing, Italian "volunteers" from the Italian army are said to be pouring into the Rebel army.

#### 4. A POLICY FOR THE DEMOCRACIES

The free nations, who are also the richer nations—notably the United States, Great Britain, and France—cannot entirely escape responsibility for the *state of mind* which has put dictatorships in the saddle in Germany and Italy. The former nations are richer in capital and natural resources. The United States has a rich variety of products and a wealth of minerals. Great Britain has the opportunity to make preferential trade agreements with her crown colonies and the Dominions. France has a large colonial empire.

On the other hand, Germany and Italy are thickly populated countries, needing raw materials to use and markets for export. Germany lost her colonies by the Versailles Treaty. Italy did not get what she expected in the division of the spoils. They are both "unsatisfied" nations. They demand additional territory for de-

velopment, as well as larger markets. Unfortunately both the dictatorships emphasize the duty of breeding more mouths to be fed.

Moreover they seem to ignore the fact that Great Britain derives no revenues from the self-governing dominions or crown colonies—that the dominions are autonomous in all fiscal matters. The granting of mutual preferences in export and import among the British dominions is a matter of bargaining plus sentiment. Economic nationalism has led to a campaign of "Buy-British" which strikes a visitor to England and Canada as a great novelty, compared to the former freedom of trade. Economic nationalism is the chief breeder of threats of war and actual war. *Nations impoverish themselves to build up armaments to force from other nations concessions wherewith to replenish themselves.* What a vicious circle!

In a world in which there were no serious obstructions to the flow of international commerce, these nations could prosper as well as others, without actual control of colonies. But in the actual condition of economic nationalism—with each nation keeping high its tariff walls and making further quota restrictions on imports, as well as with a lack of stable international exchange—the advantage seems all on the side of the nations which have colonies and mandates; or, as in the case of the United States, varied and rich resources and a large home market. So it is natural for the poorer unsatisfied nations, dreaming of expansion, to cast envious eyes at the nations which have gathered in nearly all of the world's undeveloped regions. It is easy for dictators to inflame this rankling sense of injustice in the distribution of the earth when their peoples are being pinched tightly, and to get their nationals to respond to their appeal by the threat of war or by actual war to get "a place in the sun."

So Mussolini planned in 1933 to take Ethiopia, if he could do so in the face of Great Britain. His bluff of Great Britain worked and he successfully carried out his plans. The success is enthusiastically acclaimed by Italians. The Empire of Ethiopia is to furnish an outlet for crowded Italy; 200,000 soldier-pioneers are going there, we are told. I saw the great Fascist *Leva* on May 24, 1936, in celebration of the re-founding of the Roman Empire.

From morning until night, the city was filled with marching thousands in uniforms and with banners—from the wolf cubs (six to eight years of age) to the grizzled Fascisti. Mussolini was acclaimed by all as the greatest national leader in Europe.

The following excerpt from the leading article in the *Messaggero Romano* for that day is typical. The article is entitled "Heroic Cycle." It begins:

We see shining the star of Vittorio Veneto, the ever bright star of Italy's fortune, in the blazing sky of Ethiopia. To-day, May 24th, fateful day in the history of New Italy, the victory raging with lightning-like velocity a thousand kilometers from the Fatherland acquires a mysterious meaning, the meaning of the event which has been matured by the Divine Law in the womb of destiny.

Then occurs a reference to Scipio Africanus, who conquered Africa for Rome. The article proceeds:

There has been lifted up, unforeseen, the voice of a new man, by which voice has come an intensely thrilling summons that makes the soul of this nation to vibrate. The new man, the man of intervention, the one who has refounded the Empire—Mussolini.

What a destiny has been wrapped up in these five *lustra* [twenty-five years] in which the name of Mussolini is confined; in which by the Mussolinian Intuition, the Mussolinian battling, the Mussolinian flame of creation, history has planned and realized, through the sovereign power of his genius! Immense Destiny! He redirects the Spirit of Italy. He remakes the map of Africa....

Our culture is forever established where for a thousand years has reigned a most atrocious barbarism. The entire world now looks to Rome. Rome reappears once more in the light of her former grandeur. Her Forum lives again. Her noble monuments swell to gigantic proportions, re-invoking the great shades of her past. From the remote past the victorious shouts of the conquerors, who carried everywhere the Imperial Eagle, are reëchoed in the burning passion of the generation of to-day. Immense destiny!

Then again, referring to May 23, 1915, the day of Italy's entrance into the World War:

Waves arriving from then to us now, over a stretch of twenty years, oceanic thunders of the throng, call us vehemently to action, to heroic efforts of will; the irresistible indomitable fire that surges up in the *People of Italy*.

Let it be said that this expresses the extreme exuberance of a historic moment. Nevertheless one must add that from men in all walks of life—from nobles, hotel-keepers, small tradesmen, railroad guards, and so on, one got the same testimony—that before the march on Rome Italy was disunited, the parties pulling at cross purposes, with the country's economic life shot to pieces, with subsistence meager and uncertain; that Mussolini has brought unity and vigor of action, restored employment, established social security, order, discipline, patriotic devotion, developed Italy's resources and has made Italy respected and feared.

And several who bore this testimony had been, and still were, Social Democrats. They hoped for the establishment of Socialism in the future. But they agreed that Italy is not yet ready for it.

A similar situation existed in Nazi Germany, only the antecedents were more aggravated. It was during the depth of the great depression, with enormous and increasing unemployment, that the Nazis came to power. The Republic was unable to deal with the situation. It was spineless and distracted. The Nazis preached their gospel of national unification, of the subordination of all individuals, groups and parties to the good of the whole nation. They offered a program of national control of all activities; looking towards the salvation of the middle class. They appealed, in the name of German patriotism, to the people to reaffirm the greatness of the Fatherland in the teeth of a ring of enemies. And, since they held that Germany's dire economic plight was due largely to her enemies without and within (the Allies without and the Jews and Communists within), they advocated repudiation of the Treaty of Versailles, elimination of the Communists, practical reestablishment of the Ghettos by depriving most Jews of citizenship and opportunity. Germany must be made as self-sufficient as possible. Why? In order that it may be strong enough to force advantages from other peoples by the threat of war. And, in order that, if the threats they make lead to actual war, Germany may be irresistible. The regimentation of economic, educational, cultural, and political life by the Nazis, has one supreme aim—increase of national greatness, through

force, threatening or actualized. Nazi militarism, Fascist militarism, find their justification in the promise of increase of economic well-being and expression of the national ego, in a world of cutthroat competition between nations.

Mussolini says: "We extend the olive branch backed by eight million bayonets." Goering says: "We use our own fist to break the fingers of those who try to throttle us."

The tragic situation is that it is just this attitude which breeds that by which it feeds. The more the national mentality is infected with this belligerent psychosis, the more the dictators depend on it for holding their leadership, until finally, since their authority will be lost if they do not succeed in bringing prosperity by threats of war, they will be tempted to plunge into war to save their faces and keep their jobs. Everything has been subordinated to preparation for the war to come. If the economic and psychic strain is not relieved, must not the fatal plunge be taken, the war started, for which all this sacrificial effort has been made?

So Hitler and his Nazis look longingly, and point the minds of their nationals, to Soviet Russia and, at the same time, speak indignantly to their people of "stolen colonies" which should be returned, and of "stolen" gold.

There are only two ways out of such a situation, either to restore freedom of international commerce and give to these nations the same access to raw materials and markets that the democracies have; or war on the part of the nations who feel themselves hemmed-in, economically, by the other nations who got into the field of territorial appropriation while the picking was still good.

The dictatorships flourish on the feeling of economic distress and envy on the part of their peoples. Everything else is subordinated to the building up of an aggressive military power that they may wrest from the satisfied nations, or from the defenseless backward or smaller peoples, new territory and privileges.

The right policy for the free nations is not complex or uncertain. It is to restore the free flow of international trade; by stabilizing international exchange, by reducing tariffs and quotas; in short, by removing the barriers to international exchange. And

further, in order that there may be equity in international trade, the free nations must get on a parity in regard to conditions of labor (hours and real incomes) wider distribution of purchasing power, social security, improvement of educational opportunity; public aid for low-cost housing and for rural electrification. In short, promotion of an economy of abundance; and control of credit and development of public works to prevent or at least reduce the shock of cyclical depressions. Such are the ways to peace. All these things, with international planning of trade, will afford an impressive demonstration of the value of peaceful international coöperation. Germany and Italy would be invited to participate in the benefits of international trade with goods and credits equally available to them; provided they gave up arming to the teeth, turned their energies to providing a more abundant life for their peoples in place of trying by armed threat or actual war to force concessions and privileges from other nations. To fill the international atmosphere with more threats is not the way to peace with prosperity. Poverty of peoples, breeding economic struggle, is the main cause of revolutions, dictatorships and wars.

*Spain.* I traveled in Spain from March 26th to May 7th, 1936, covering seventeen hundred miles from Spanish Morocco to the Pyrenees, and visiting the chief cities. The country was orderly. I saw no disorders nor outrages, although I read in the French and English Rightist papers lurid accounts of these things as occurring at the very times I was in the places. There were several attempted assassinations of Leftists. I was present at the polling booths in Madrid on April 26th when the election of electors to choose a new President took place, which resulted in Azaña's election. I have never seen a more peaceful affair. I saw and learned so much of the terrible poverty in Spain that I concluded there was no need to invoke the influence of Moscow gold to account for the success of the Popular Front. What amazed me was that a reactionary government could ever have been in power. The explanation is the combination of intense individualism and illiteracy on the part of the peasants, which enabled the feudal grandees, aided by the clerics, to ride on their breaking backs. I talked with a number of Spaniards of the professional class and with foreign democrats. All expected the



Azaña régime to succeed. The program was a moderate one, considering the actual conditions in Spain—allotment of land to the landless peasants, with financial assistance to them, extensive irrigation and other public works, a vigorous school program to wipe out illiteracy, protection for labor in industry. It was not a radically socialistic program at all, but it would involve heavy taxation on land, factories, and so on.

The tragedy of Spain is due to a very bad mess of Economic Feudalism, Reactionary Ecclesiasticism, and extreme Individualism of temper. Spain is perhaps naturally the most religious country in Europe, and the Church has failed egregiously in its Christian duty. The downtrodden have turned away from this opiate of its people. I agree with Bruce Bliven's "For His Holiness." \*

*Japan.* I have not included a discussion of the Japanese form of the totalitarian state, because my aim has been to deal only with those states which I know from direct observation. Japan is a thoroughly totalitarian state, in which the absolute powers of the elder statesmen and the militaristic élite are strongly buttressed by a long-standing ethos which subordinates the individual completely to the group spirit, all the way from the family to the Emperor. Japan has a popularly elected parliament devoid of any real power in the determination of policies. In the last election it went overwhelmingly democratic. But the new government is, at the moment this work goes to press, engaged in a wholly unwarranted assault on Shanghai, as part of an undeclared war against China. Obviously, the feudalistic and autocratic war lords of Japan propose to dominate Eastern Asia. With its facile adoption of Western individualism and mechanicalism, directed by a feudalistic militarism, Japan at present is one of the greatest menaces to the survival and progress of social democracy. Either it must undergo a revolution from within, or suffer a severe defeat from without, leading to internal revolution, or it will go on to dominate China, Tibet, and Mongolia, and drive the Western nations from the Eastern Pacific. If the last eventuality materializes the United States, Canada, and Australia will have to arm against it. The outlook for peaceful progress towards

\* *New Republic*, Vol. LXXXIX, Dec. 23, 1936, pp. 241-242.

democracy in Asia is not very bright and will not change until democracy ascends to real power in Japan. In the meantime I hold that the United States and the British Dominions should be prepared for the worst. Non-resistant pacifism is a very silly and dangerous doctrine in the face of such behavior as that of the Japanese Government against China.

## FINALE

### TOWARDS A DEMOCRATIC ETHOS

**W**ESTERN CIVILIZATION with its physical science and, above all, with its mechanical industrialism is rapidly girdling the world. Besides its titanic offspring, the United States of America, which has already arrived, new English-speaking lusty youths are growing up—Canada, Australia, South Africa. In Latin America Argentina is arriving. Mexico and Brazil will become industrialized. The ancient densely populated countries of Asia will come within the orbit of mechanical industrialism. The giant Russia is undergoing mechanization at a rapid pace. Japan has achieved it. India and China are on the way. The world is being Europeanized. At the same time an intense and spreading internal struggle is going on within the organism of mechanical industrialism—the struggle in regard to the distribution and enjoyment of its benefits. Is there to be a permanent and increasing proletariat shut out from participation in both the biological and cultural advantages of machine power and science; dependent upon the uncertain bounty of a small minority who, by the concentration of financial control, determine arbitrarily how much the machines shall produce and how the products shall be distributed? *This is the crisis of Capitalism.* It assumes a new urgency because of the vastness and complexity of the forces involved and because its very implements and their mode of operation awaken the proletariat to a consciousness of its power. Is social control to be continued in the interests of the few, or to be extended for the benefit of the many? Is state socialism the logical issue of mechanical industrialism? If so, will it be the sociopsychological and political issue? Does Russia represent the future of Industrialism? or Fascism? Fascism appears to be the last desperate stand of individualistic capitalism. Its totalitarianism is largely a false front. Its flaming nationalism is a red herring drawn across the workers' trail to

lure them away from their true<sup>1</sup> interests. They are to breed and work and die for the glory of Italy, Germany, France, Britannia, Uncle Sam, or whatever other nation-state they inhabit. Well, if nationalistic Fascism wins the day civilization will commit suicide because no large nation will have a monopoly of industrial production or the implements of war. All will follow the urge to expand, to get better markets and more territory, and the large nations will cut one another's throats. There is no escape from this situation except by the establishment of an International Economic Order. And an international economic order can never be built on the motivations of economic individualism. For the very first premise of the latter—every one for himself in the ruthless competitive struggle for more goods—leads, as Hobbes saw, to the war of all against all—every one for himself and the devil take the hindmost. But, just as Hobbes saw that men, being relatively equal, needed the rule of a sovereign state to keep the peace and thereby insure security and opportunity for a good life, so it is between national units. There must be recognized an international community. No nation will be strong enough to swallow and digest all the other strong nations, and no allied group of nations can do it either. For if an allied group proves a little stronger and enforces a humiliating peace on the defeated enemy nations, the defeated will rise again, and the victors will fall out. *The Treaty of Versailles bred the present ominous international situation.* The Germans were forced to sign a falsehood—the exaggerated guilt clauses and, being disarmed, to pay enormous reparation. They will never pay these and they are fast re-arming. Nazism came out of Versailles.

The only hope for a permanent international order is to subordinate individualistic Capitalism to social control.

But can we not stay at home, keep out of the international mess and cultivate our own garden? Not under a system of production primarily for private profit. For the continuance of this system requires foreign markets to dispose of the increasing surplus and to keep prices up. Uncontrolled Capitalism is bound to breed more wars. Nor can we stay at home, with signal success, under production for use.

The only standpoint from which this dilemma can be escaped is that of social control, with an international outlook. For this standpoint means that we are not to regard the Economic Good to consist in the aggrandizement of the interests of private individuals at the expense of other individuals; nor of one national group at the expense of others. *All men* everywhere are recognized as entitled to participate in economic goods and in the cultural benefits which accrue from their use.

The crux of civilization to-day is this—can a sufficient number of socially enlightened leaders find a sufficient number of intelligent followers to bring to pass a genuinely socialized and humane order at home and to practise the same principles in international relations? The answer to this question lies in the lap of the gods. The peoples which have taken the lead in the development of mechanical industrialism have not yet advanced ethically and socially to within hailing distance of the insight and will necessary to control mechanicalism for human good. Mechanically we may lead the world, but psychologically we are still *familists* and *tribalists*. We are ready to sacrifice other families to the aggrandizement of our own. We are not ready to admit that the other tribes have an equal right on this earth—that *they are all composed of men with like passions with ourselves*. Until we are ready to recognize equality of rights and duties inhering in basic equality of human nature, the outlook remains dark and ominous for civilization.

In his fascinating work, *The Study of History*, Arnold J. Toynbee names a new sub-variety of Western Man—*Homo occidentalis Mechanicus Neobarbarus*—Western Man, *Neobarbaric Mechanicalist*. The gods of this man are the machines and their products; especially profits. If the neobarbarians in our midst are to continue to rule us—God help us. We are lost.

It must not be so. Civilization must not be allowed to commit *hara-kiri*. If it is not to go to smash, we must put economic individualism both intranational and international in a straight-jacket. We must establish a democratic coöperative or collective economy at home. We must encourage similar developments abroad.

The supremely momentous problem for all persons of enlight-

ened good-will to-day is the building into our culture of a genuinely democratic ethos. It is to purify and electrify the spiritual climate of civilization. This task is basically the function of education. It will not be done, either by those interested primarily in personal profits, or in political power. Society will not be saved either by financial magnates or political go-getters. There is no other way of salvation than that of cleansing the springs of action and giving them a new direction under the guidance of the best equipped and most dynamic intelligences. I call upon teachers (in which category I include the ministers of spiritual religion) to cast off their fears and timid compromises, to refuse to be dictated to by pressure groups; such as Liberty Leaguers, Chambers of Commerce, and so-called patriotic societies. I call upon teachers to become united and fearless and free from self-seeking, in their dedication to their high calling. No one is fit to teach any subject in any school who has not an ethical and humane philosophy of life.

We have been hobbled by education treated merely as odds and ends of information. We have been hobbled by education conceived simply as a tool for making money and cutting a figure in a vulgar, and tawdry commercialized society. Let us repent of our sins. Education must be of the whole person; and the springs of personality are the emotions, and the images and ideas which ride on and guide the emotions, either to the Devil of rampant egotism, or to the God of a socialized humane democracy, a fellowship of free, self-respecting spirits.

The democratic ethos must be compacted of three spiritual powers—Love, Faith, and Intellectual Light. Now abideth these three, but the greatest of these is love. By Love I mean the sympathetic imagination which enables us to see through the outer shells of habits, fears, and warped and torn feelings to the essential pathos and dignity of persons. Love is the spirit of "inasmuch as ye did it unto the least of these my brethren, ye did it unto me." "If a man say that he love God and hateth his brother that man is a liar." "If a man hate his brother whom he hath seen how can he love God whom he hath not seen? He that loveth is born of God and knoweth God." By Faith, I mean an active confidence in the possibilities of human progress, when

men, in the spirit of fellowship and coöperation, really honor one another and strive with might and main for the Common Good. This faith is born of love. The worst enemy of humanity—and of his own true self—is the man who looks down upon his fellows; the person who regards himself as superior to his fellows in ability and virtue, and therefore thinks other persons are fit only to be his tools, the ministers to his profit, power and self-gratulation. But Love and Faith are not enough. They supply the power, but the light is the light of reason, of fine and fearless Intelligence, penetrating with its illuminating and guiding rays into every nook and cranny of man's life as well as nature.

Surely in the service of Love, Faith and Free Intelligence, genuine Christians and Jews can join hands in fellowship with agnostic Humanists. For the agnostic Humanist shares their common faith. He, too, believes in the intrinsic worth of every human soul. He believes in the real possibility of making, by concerted action, this earth a fairer dwelling place for a richer and fairer humanity. He, too, has faith, and he most certainly believes in the great value of free and fearless intelligence. He differs from the orthodox Christian only in that he does not know, and he does not think it has been revealed, beyond peradventure, that human personality has its source and goal in a Transcendent and Perfect Supercosmic Personality. But certainly he believes that, since man is the offspring of the mysterious forces of nature, the highest possibilities of human perfecting are natural. He would be the last to assert that the environing cosmos will forbid man to carve out for himself, through concerted effort, a more worthy destiny. He insists that it rests in man's own hands now to make or mar his own destiny.

Surely the Christian and the Humanist can unite in the summons to make this earth a better dwelling place for all men. As a teacher of my youth, Matthew Arnold, so strongly insisted; the two great spiritual strains that have entered into, and have been fused in the spirit of Western civilization are Hebraism and Hellenism. We must maintain, expand, and extend them in order to preserve Western civilization. To give them up will be the negation of justice, of rational freedom, wisdom and personality, in which they all center. What could take their place? Heaven

knows! But it would be the extinction of rational self-determining personality in an orientalized fatalistic horde.

The spirit of Hebrew prophetism, continued and deepened in Jesus and his first great interpreters, stresses social justice, mercy and love. It is infused with a passionate tenderness that extends, into ever widening circles, the strongest, noblest and sweetest affection, that of family love. By its proclamation and practice of the brotherhood of man, arising from the common Fatherhood of God; its supreme value of fellowship and love it places deep in the general heart of man.

*This is the root principle of ethical democracy.* The basic values reside in every individual, because of his participation in the common humanity. The differences between men are in part differences of degree in the native possession of the same capacities; in part they are differences due to the blind forces of nature; but in part they are due to man's inhumanity to man.

Hellonism stands for the *principle of intellectual beauty*; of proportion, measure, balance and harmony, under the guidance of wisdom. It is at once esthetic and intellectual. The principle of reason is the principle of proportion balance and harmony. It is a clear-eyed sanity of outlook that seeks everywhere the well-proportioned life. The Greek principle is expressed in the prayer of Socrates, O beloved Pan, and ye other Gods that haunt this place give me beauty in the inward soul; and may the outer and the inner man be at one.

The Hellenic spirit was hard and exclusive. It lacked pity for the weak and unfortunate. It failed fully to appreciate the redemptive power, not only of suffering, but of that sympathetic love for the suffering, the misfortunate and the failures, which seeks the basic humanity in the most disfigured and distorted human beings. It required the Hebrew tender compassion in order to become purified, impassioned and universalized.

Into our earlier basic culture both strains entered—perhaps in New England and even in the old South the Hebraic strain—in Puritanism—was the stronger. But the Hellenic strain was there in emphasis on education and rational self-control. We must not forget that in the best of Hellenism there is a Puritan strain, almost an ascetic note. The fusion of these two spiritual strains



makes the cleansing stream of the Western spirit, the life-giving fountain that transforms barbarism into humaneness. This means a sympathetic reverence for personality. It means the union of self-reverence or self-control, integrity and freedom in the self, with sympathetic regard for all other selves.

This order of values, uniting rational freedom with all-embracing tenderness and regard for personality, and not mere political democracy or industrial democracy, is the very essence and spirit of humane culture.

We now are going through the greatest crisis since the founding of this nation. We have been a pioneer people. We have had the greatest opportunity; to exploit a well-nigh empty land of almost boundless resources. To this opportunity we brought all the techniques and implements accumulated in the advancing history of Western civilization. With the richest social heritage we had, for the asking, the greatest undeveloped natural field for exploitation. Always, until recently, the physical frontier has been before us. Just beyond the horizon lay fresh opportunity for liberty and the good life—at first in exploiting the land, then in using its resources to exploit the new giant instruments of machine production.

Now that we have built the material instruments and well-nigh perfected the mechanical technics of a great civilization, what are we going to do with them? Shall we use them for a new and more gigantic barbarism? Or shall we attempt with them to build up here a richer, finer, deeper-reaching humane culture in wider commonalty spread?

We have now the opportunity to build the finest, richest, most widely shared culture the world has yet seen; to create a culture not only vaster and more many-sided, but juster and more humane, than that of ancient Hellas or Rome. For Hellenic culture was built on the foundation of slavery. We want no chattel slavery nor wage slavery; no specter of want in the midst of abundance, no herd of human slaves working under the lash of plutocratic supermen. We shall not create such a culture by proceeding upon the barbaric assumption that we can get it just by multiplying mechanical tools and toys, of which the production and distribution is motivated by greed and lust. We

want no dictatorship of would-be Napoleons of finance. No genuine culture can be built on the unchecked rule of the profit motive. Nor shall we solve it by adopting a semi-Tartar fanatical Communism, of which the guiding principle seems to be an inverted American mechanicalism for mass production. I hope that something humane and free and democratic will come out of the Russian experiment. Whatever be the truth about Russia, in America we want no dictatorship of the proletariat, in which the proletariat are the dictated-to. We want no dictatorship of the captains of industry and the Napoleons of finance. We must work out our own salvation on the basis of our own tradition, by the exercise of free intelligence and in the spirit of fair play and good will. Suppose every family to have \$5,000 a year! The critical question then becomes: how would they spend their margin? On material and crude sensuous indulgences? Suppose the thirty hour labor week were universal. The critical question then would be: how would they spend their leisure time? In joy riding and brutalizing amusements?

The Athenian citizens spent their leisure in seeing and participating in great plays and spectacles, in erecting and appreciating noble buildings and sculptures, in discussing seriously all sorts of things. But Athenian culture was built on slavery. And there is evidence that it was not all so fine as Pericles' oration makes it out to be. It went to pieces on selfish factionalism and rugged individualism. It lacked the cohesive bond of love and reverence for all personalities. It lacked the tenderness, the divine compassion that came through Hebraic Christianity.

Our call and our opportunity is now to build up a more humane and genuinely democratic culture. The physical frontier is closed. *The cultural frontier is open.* In place of the promised land of liberty and a good life beyond the horizon, we must seek the *Beyond that is within.* The frontier beyond the horizon is now the frontier of the spirit. It calls to the depths within us to rise in faith and firm resolve, to create here, from shore to shore, a land teeming with healthy, free, sane, and well-proportioned souls, inspired by the feeling of fellowship and active love, and guided by the rational spirit of clear-eyed balance and harmony.

All men are not equal in capacities. By neither magic nor

science can they be made equal. But all share in the common humanity. Their differences are of degree and proportion. A social culture guided by the humanistic order of values will be one in which all the normal powers of all human beings can come to fruition in a coöperative commonwealth. Social democracy, affording an equal chance to all, is not only ideally the most just order, but the most effective in the long run; by opening opportunity to all it enables the best to rise to leadership. Notwithstanding the imperfections of man, his stupidity and pas-sional weakness, there is no other way so full of promise for the race as the way of social democracy. Plato, in his immortal sketch of an ideal *Republic*, could conceive no other way in which his ideal commonwealth could get into operation than by the military power implementing the insights of the wise men. But there is no record in history of a just state rising and continuing in that way. On the contrary, the new tyrannies which have arisen from self-appointed leaders lusting for power and using violence to get and keep it. And how would Mussolini and Hitler compare with Plato's Philosopher-Kings?

No, the only safe way is to guard jealously personal and political liberties, and to go forward to greater equity of opportunity, giving every one his say in picking the public servants. Those picked may not turn out the ideally best, but they will be the practically best, for the furtherance of the Good Life in widest Commonalty spread.

The guiding principle of this book is better expressed than I can express it, in a great little book by G. Lowes Dickinson, *A Modern Symposium*. Thirteen men, of different social views, meet in an English country house and discuss their differences. As the dawn is about to break the vision is given by a poet philosopher:

Man as he grows is dogged by imperfection. But Faith and Hope and Charity walk beside him in the mire, to kindle, to comfort and to help. And of them justice is born, the plea of the Many against the Few, of the nation against the class, of mankind against the nation, of the future against the present. In Christianity men were born unto Man. Yet in Him, let not men die! For what profits justice unless it be the step to the throne of Olympus? Charity without an object? For the worth of love is as the worth of the lover. It is only in the soil of

Paganism that Christianity can come to maturity. And Faith, Hope, Charity are but seeds of themselves, until they fall into the womb of Wisdom, Beauty and Love. Olympus lies before us, the snow-capped mountain. Let us climb it together, if you will, not some on the corpses of the rest; but climb at least, not fester and swarm on the rich meadows of equality. We are not for the valleys, nor for the forests or the pastures. If we be brothers, yet we are brothers in a quest, needing our foremost to lead. Aphrodite, Apollo, Athena, are before us, not behind. Majestic forms, they gleam among the snows. March, then, men in Man. . . . Will is more than knowledge, since will creates what knowledge records. Science hangs in a void of nescience, a planet turning in the dark. But across that void Faith builds the road that leads to Olympus and the eternal Gods.

Faith in the possibility of the fuller realization of the spiritual values—of contemplative wisdom, the friendship of minds equal in their common striving for the more wisely ordered life, of the enjoyment of beauty, wisdom and love—on this faith alone can we build a more humane civilization.

The quality of will in which we should face the future is that of the old Ulysses in Tennyson's great poem:

Come, my friends,  
 'Tis not too late to seek a newer world.  
 Push off, and sitting well in order, smite  
 The sounding furrows; for my purpose holds  
 To sail beyond the sunset, and the baths  
 Of all the western stars, until I die.

\*       \*       \*

That which we are we are,  
 One equal temper of heroic hearts  
 . . . strong in will  
 To strive, to seek, to find, and not to yield.

The new horizon is within—a spiritual horizon. To build a New Jerusalem of humane civilization in America's vast and potent land—this is America's call and opportunity. Let us go forward together, with one equal temper of heroic hearts, to create a great democratic culture in which we cleave to the order of values of our noble inheritance—Hebraic and Hellenic. The new horizon, the new frontier, is a spiritual, a cultural frontier. We seek a new and better country of the spirit. Our far view must now be constantly directed to the *Beyond that is Within*.



## APPENDICES



## APPENDIX I

### THE RÔLE OF IMAGINATION

**I**MAGINATION is the most distinctive of man's psychical powers. It passes into *Reason*. Of imagination there are two distinct types.

1. The *reproductive imagination* (memory) by means of which man reproduces and recognizes past experiences. Memory is the primary condition of man's liberation from the bondage of the immediate sensible present. By it he recalls from his previous experiences what is significant for his present life. He brings back again moments of failure and success, of joy and suffering. He assembles materials from his past experience for the better interpretation of the world in which he lives—the realm of nature and the realm of human society.

2. The *productive or creative imagination*. Even in reproducing the past man is creating. He does not reproduce everything he has gone through—only the experiences which have had most meaning for his living, that have been fraught with the burdens of distinct successes and failures, notable pleasures and pains, joys and sorrows. He uses these recreated experiences to create, by constructive thinking, a better future. So long as there is any vigor left in a human soul it can say with Ulysses:

I am a part of all that I have met;  
Yet all experience is an arch where-thro'  
Gleams that untravelled world whose margin fades  
Forever and forever when I move.  
How dull it is to pause and make an end!  
To rest unburnished, not to shine in use!  
As tho' to breathe were life,

The creative imagination is the power to decompose and recombine elements of experience into new and more significant wholes. Thus it is distinguished from mere wandering and random



recollections, or vagrant reverie, by its creative forward reaching quality.<sup>1</sup>

The great English poets have emphasized the rôle of the productive imagination as have the great idealists, from Plato to Kant, Hegel, and William James. It has been emphasized also by the Hebrew prophets and the New Testament writers. Out of the "heart" proceedeth the issues of life. The "heart" here means the imaginative faculty. For it is from images of better states that arise the strongest and most persistent feelings of value. And Shelley, writing of poetry, says:

The great instrument of moral good is the imagination . . . Poetry enlarges the circumference of the imagination by replenishing it with thoughts of ever new delight, which have the power of attracting and assimilating to their own nature all other thoughts, and which form new intervals and interstices whose void forever craves fresh food. Poetry strengthens the faculty which is the organ of the moral nature of man, in the same manner as exercise strengthens a limb. Poetry, and the principle of self, of which money is the visible incarnation, are the God and Mammon of the world.

To which it may be added that that imagination is the instrument of evil when it dwells upon and fondles images which engender hate and strife and narrow selfish greed and lust for power; or which produce a division in man's own inner life.

The lunatic, the loved, and the poet  
Are of imagination all compact  
One sees more devils than vast hell can hold,  
That is, the madman; the lover, all as frantic  
Sees Helen's beauty in a brow of Egypt.  
The poet's eye, in a fine frenzy rolling,  
Doth glance from Heaven to earth, from earth to heaven;  
And, as imagination bodies forth  
The forms of things unknown, the poet's pen  
Turns them to shapes, and gives to airy nothings  
A local habitation and a name.  
Such trick hath strong imagination  
That, if it would but apprehend some joy,  
It comprehends the bringer of that joy.<sup>2</sup>

<sup>1</sup> S. T. Coleridge correctly calls this productive imagination *primary imagination* in contrast with mere reproduction and fantasy.

<sup>2</sup> Shakespeare, *Midsummer Night's Dream*, Verse 1.

In this sense every man is a poet. Wordsworth writes:

By love subsists all lasting grandeur  
By all pervading love,

And

This spiritual love acts not nor can exist  
Without imagination, which, in truth  
Is but another name for absolute power  
And clearest insight, amplitude of mind;  
And reason in her most exalted mood.<sup>a</sup>

In truth whether one be a sensualist, a rigorous moralist, a visionary, an energetic business man, a creative artist, a composer of noble prose, a scientist, scholar, or philosopher, one's acts and achievements are determined by valuations, which are fusions of feelings with the images that are constantly uppermost in one's mind. Every one who lives vigorously at all, lives by imagination. What he values and what he seeks earnestly are always determined by his prevailing imagery. In turn, this prevailing imagery is determined by his original make-up as molded by his education. Education is chiefly a means of establishing the prevalence in the individual's mind of certain types of imagery.

The explanation of why there is such confusion and conflict in present values in our society is that, for a very considerable time, the *imagery* that has been most powerfully stimulated has been that of the possession of material goods and power, the enjoyment of what money will buy—in housing, food and drink, adornments, amusements, social prestige and power. And these images are in conflict with the imagery which carries the older ethical values of Western culture. The only sure way to reconstruct our social order, and it is a slow way, is to establish a new dominant set of images of the good life.

Out of images grow the more abstract and general concepts of honesty, integrity, honor and self-respect, kindness, service of one's fellows, of one's country, of truth, beauty, and God. There is no ideal, however abstract or spiritual, that does not have its roots in the imagination.

*Reason*, the power of intellectual analysis and synthesis, and

<sup>a</sup> Wordsworth, *The Prelude*, Conclusion.

of the effort to conceive the *whole* meaning of life (a philosophy of life and of the universe, a metaphysical or religious world view), grows out of the creative imagination. It is the work of creative imagination fashioning more generalized non-sensuous imagery or symbols. It is a long way, from taking the perceived table to be a real table, to taking it to be a dance of electron-protons, and these to be mathematical expressions of probabilities in a 'subether; but the way is by generalization and abstraction from the particulars of sense.

So, too, ethical principles, moral ideals, values in conduct and in the creation and enjoyment of beauty are arrived at by the process of generalizing and abstracting from concrete images. In the affective life the feeling aspect of images, the *sentiments* or *organized and persistent emotional dispositions* undergo the same generalization. There is an emotional logic. Love, devotion, loyalty, or fear, hate, or terror may attach to a particular object; or they may attach to generic images or abstract symbols, however intangible. One's feelings are stirred by evoking images of sufferings, aspirations, heroisms. One may feel as strongly in regard to one's country, Christ, God, or a social program as in regard to an individual person or thing. In all its forms, the creative life, the productive life, is the imaginative life, in so far as this life results in a growing harmony and comprehension of man with man and nature, and of the inner man in his secret images and feelings. And these two harmonies are interdependent. Whether it be in inventing new instruments and processes for the sustenance of life in designing buildings or gardens, painting pictures, writing poetry, discovering and interpreting new facts in the manifold inter-relationships of natural events or human affairs, in religion or in philosophy, or simply in interpreting and living one's self into these forms of culture; in every case living the creative life, from the greatest genius, seer, or leader down to his humblest followers, consists in the formation and recreation of the *imagery within which dwell and move the feelings of values*.

Spiritual religion, in its bedrock, is the conviction that the spiritual, the rational, and the social in man, have their secure seat in the supreme value and reality; that the God within is identical with the Supreme Value and Meaning in the universe.

## APPENDIX II

### VALUES AND EXISTENCE

IN THE richest and most stimulating work on ethics that has appeared for many a day, Nicolai Hartmann maintains that values are ideal self-existences or essences that do not depend on personality. Selves or subjects become persons by accepting or rejecting the values. He says:

Values exist independently of their degree of fulfilment in reality...<sup>1</sup> What they are in Idea subsists in its own right beyond real Being and Not-Being... Values are not to be recognized by the fact that they are, or are not, contained in the real. They subsist even where the given case, indeed where all actual cases, contradict them... They are principles of the ought, not categories of existence... Ethical values are not to be discovered in the conduct of men. On the contrary, one must already have knowledge of them in order to distinguish whether this conduct accords with them or violates them...<sup>2</sup> Actions and dispositions are real in real persons, just as qualities and emotions are in real things... But beyond this there is something else real in persons, which is not constructed out of the laws of existence; namely, the accompanying feeling of value, which rejects and accepts, condemns and justifies... The moral consciousness consists... of the distinctive sensing of values, which separates the good from the bad in them and constitutes their ethical standard.<sup>3</sup> When a man follows an ideal pattern of life the values produce the pattern, not the pattern the values.<sup>4</sup>

The primary consciousness of good and evil is an a-prioristic consciousness, a sense of value. Moral personality does not exist if there be no pure a priori values. The person does not make the values, but the values make the person.<sup>5</sup> I would say that values and personality are two ways, respectively abstract and

<sup>1</sup> *Hartmann's Ethics*, Vol. I, p. 98.

<sup>2</sup> *Ibid.*, p. 98-99.

<sup>3</sup> *Ibid.*, p. 100-101.

<sup>4</sup> *Ibid.*, p. 197.

<sup>5</sup> *Ibid.*, Vol. I, pp. 200-201.

concrete, of looking at the primary ethical fact; that persons are persons as willing carriers of values and that values apart from persons, are "in the air." Hartmann asserts that conscience, the primal consciousness of value, is a voice from another world—from the ideal world of values. (I would say it is "the Beyond that is within.")

Hartmann says that moral value does not exist "for" a subject. It adheres simply to the person, as a quality.<sup>6</sup> The power to carry moral values is the moral essence of man. "To this extent a personal entity may be distinguished purely by the ethical phenomenon."<sup>7</sup> The content of personality as a value consists in the individual order of preference for the universal values, which is adjusted to the absolute order of rank of values. The value of personality is the ideal essence of personality.<sup>8</sup>

If Hartmann means by these theses that there are typical structural conditions inherent in the nature of man, for the realization of personality, which are ideals that emerge into consciousness; if he means, for example, that if one is to become a person, to actualize one's spiritual potencies, one must respect one's own selfhood, must be truthful, and honest with one's self, must respect one's own mind, must be not only just and respectful but considerate and compassionate towards other selves; then I agree. There is a spiritual nature of man and this nature is such that conscientious, courageous and considerate self-activity as a member of the community are the conditions under which alone the natural self becomes a person. Man as a spiritual being, no less than as a physical being, develops (and retrogresses, too) through struggle, suffering, reflection, choice, and volition; and always in specific personal-social situations. He actualizes thereby his potencies, for good and evil. He becomes, if he be not an imbecile, in some measure the arbiter of his own personality-fulfilment. In choice and will he creates himself as spirit, *but not out of nothing*.

This self-creation is like an artist's work. Man fashions out of the unconscious potencies of his plastic and growing being an

<sup>6</sup> *Ibid.*, p. 210.

<sup>7</sup> *Ibid.*, p. 317.

<sup>8</sup> *Ibid.*, Vol. III, pp. 191f, 266f, 317f, 321f.

ethical and rational selfhood. He does this even in the supreme acts of self-abnegation or self-sacrifice. Or else he gives up the fight and his spiritual potencies die of inanition or are choked by the rank over-growth of his animal nature.

If this is what Hartmann means by the ideal self-existence of values as conditions of personality, I agree.

But, if Hartmann means that the moral values are absolutes that somehow subsist mysteriously over and above empirical human nature, I demur. The moral values, no less than the purely theoretical or esthetic values, are recognitions or actualizations in consciousness of potencies of spiritual self-fulfilment in action and feeling that lie deep in the general heart of man. This objectivity of the natural constitution of man as a being capable of self-fulfilment through choice, through trial and error, in a world that partly helps and stimulates and partly hinders and thwarts his efforts is the only objectivity necessary for the validation of values.

Unless one assumes that moral values are fragmentary gleams from a supernal realm, breaking through man's muddy vesture of decay, fallings from a realm beyond, blank misgivings of a creature moving about in worlds not realized; in short unless one is prepared to say with Plato that moral values are reminiscences, which the fallen soul, trailing clouds of glory, has brought in its sinful descent from on high; one must be content to say that the moral values are the conditioning forms of action, by acceptance of which man realizes most efficiently, richly and coherently and on the widest scale, his native capacities.

All that I or any one can do is to strive to form as comprehensive and coherent a conception as possible of the ideal human type—in short, of ideal personality. In so doing we shall be limited and conditioned by our native individual powers and by the cultural milieu which has nurtured or shaped or twisted these powers.

An absolute pattern of values in their totalities is either a chimera or it is a Divine revelation. The actual moral values are the idealizations of the specifically human type of life. They are relative to the real potencies of man. Scheler and Hartmann are right in holding that there is an *emotional a priori* from

which values arise in consciousness. But this emotional a priori is simply the normal native emotional nature of man. And values are idealizations, generalizations of the human type. In so far as men share in the emotional and intellectual capacities, the values are objective or typical. If there be human beings who lack either the emotional or intellectual capacities then the values do not exist for them, and they are not truly human according to our conception of the ideal types living in actual physical and social situations. One may, if one will, regard values as having cosmic support and therefore as being progressive revelations of a Divine Order. Such a view involves a metaphysical consideration of personality. This is not the place for such an enterprise. I simply insist, however, as I have done in other works, that a metaphysics of values is either a metaphysics of personality or else it is pure moonshine.

## APPENDIX III

### THE METAPHYSICS OF THE INDIVIDUAL AND SOCIETY

IN GREEK thought the individual was made the center of reference by the Sophists and by Socrates. The chief difference was, of course, that the Sophists, making sensation and feeling the sources of judgment, tended towards Skepticism with regard to both theoretical and moral judgments, whereas Socrates and his great disciple Plato stressed the universal power of rational thought or mind (*nous*) as the instrument for arriving at universally valid propositions with regard to both theory and practice. They both stressed the centrality of the individual soul (what we call the "personality"); although Plato in his social theory subordinated individuality too much to the social whole.

Aristotle likewise emphasized the reason as the source of objectively valid judgments in theory and practice. But, in his *Ethics and Politics*, he actually gives more place to individuality than does Plato. Aristotle criticizes Plato's *Republic* on this very ground—that the latter's communism subordinates the individual to the community (the city-state). Moreover, Aristotle holds that the socially virtuous life, which is always a mean between the two extremes of excess and defect in the satisfaction of man's basic desires, is, not a mathematical mean but, a mean as the wise man would define it. No exact science of the good life is possible. It depends on experience, tact and practical wisdom.

The Stoics at once emphasized the individual self as the center of moral judgment and action and the universal or social relations of the individual.

Stoicism is both individualistic and universalistic in reference. The individual is to seek, first and last, self-poise, equanimity (*ataraxia*) by the rigorous rule of his passions by rational will. On the other hand, as rational or wise, man is



social and a member of the Empire of Reason or universal humanity. It is his duty to be socially minded and to meet the social obligations of his situation or post like a good soldier. The Christian gospel emphasizes the absolute value of the individual self and social mindedness, active benevolence or fellowship and love, as the expressions of genuine personality and the conditions of its fulfilment. The structure of medieval society, both in its worldly and its ecclesiastical development, conceived the individual as a being living essentially in group relations—as a member of the family, villein, serf, thane, knight, guildsman, prince, monk or priest. Society is constituted by a network of social obligations. It is a complex hierarchy of secular and sacred functions. The individual is good and realizes his end as a rational moral agent by discharging his proper function in the whole.

The reëmpphasis on the individual, as loosened from social bonds, in the Renaissance and in the political and economic development of modern society, is reflected in the theory of knowledge in Descartes' "I think, therefore I am." I can doubt everything except that I, the doubting thinker, exist as a thinker. It is reflected in Leibniz' conception of the monads as self-enclosed, self-developing entities. It is reflected in the atomic conception of society and the State, on which the social contract theory is based. Man is, essentially and originally, an isolated individual, who forms communities and states by entering into a contract or compact with his fellows. The problems of morality and government become these: How, starting with originally isolated self-seeking individuals, can a basis be found for social obligations, for duties to others, for benevolent actions; for the justification of the exercise of political sovereignty? This problem is at the very heart of English and French ethical and political thinking, from Hobbes through Rousseau and Kant to Bentham and J. S. Mill. Lately the pendulum has swung to the other extreme. The social influence in the molding of personality has been emphasized to the point of exaggeration. When C. H. Cooley says that Descartes should have said, "We think, therefore I am," this is an exaggeration of the social. When Dewey emphasizes the social nature of thinking this is another form

of the exaggeration. One finds the same thing in Durkheim and Lévy-Brühl, with their doctrines of prelogical mentality governed by collective representations.

Even Josiah Royce exaggerates the social, or, rather, draws an illegitimate conclusion from the fact of human communication of socially recognized knowledge, as well as from loyalty to the beloved or ideal community as the supreme moral principle. Royce had previously, in his essays on *Consciousness*, *Self-consciousness* and *Nature* and elsewhere, brought out the dependence of the individual on the group for his knowledge. In his *Problem of Christianity* he argues that the recognition, by one individual self, of the existence of another like self, cannot be the result of reasoning from analogical expressions (in speech and behavior), since the validity of these reasonings presuppose one's recognition of the other self. Therefore, the social validity of knowledge and the working of all social relations presuppose that any two or more selves, who thus recognize one another as genuine selves, are really members of a third all-inclusive self or Person, the *Interpreter*, the *Spirit of the Community*, who is therefore the one absolutely real and complete Person. Similar to this notion are the German ideas of the group soul culminating in the notion of a world soul. The practical application of this doctrine is the complete merging of the individual in an all-inclusive superindividual entity—the State. All these theories are exaggerations of the rôle of the social in the development and being of the individual.

It is true that the validity of knowledge and the very existence of morality and social order presuppose a community of nature between individuals. The common external or physical world is that continuously persisting and coherently changing order which is recognized as the common object of reference for different minds. The common world for an ignorant Bushman and an Einstein has not much in common. But for both it is solid, furnishes food, drink, heat, clothing, etc. It is the objective ground of practice and thought. Natural Science transforms the world picture of common sense, but into a world that is the valid common object of reference for the experts. There can be found a great variety of world pictures, from that of the animist

to that of the scientific leader; and in scientific thought, from hard elastic atoms to "wavicles" or waves in a subether.

The principles of thinking used in constructing the common world are postulated as valid for all conditions of valid observation and inference; as universal. Science, in its quest for specific orders in nature, really presupposes a standard or ideal world-mind, an intelligible order in the cosmos. And it goes without saying that the continuance of society is possible only on the admission of valid rules of conduct. No society can continue and prosper without rules of honesty, integrity, fair dealing, to live and let live. It by no means follows either that the individual is a purely social product rather than a social unit, or that all finite individuals are such only as parts of one all-including absolute individual.

If the individual is purely a social product, then a fairly stable well-organized society should produce individuals all alike. The individual should be simply one of a row of similar specimens stamped out or molded by the die of the social environment. This is notoriously not the case. There are individual differences from the very start. The biologist tells us that it is a different combination of genes that makes the individuals different in their original natures. But he does not know how the combinations of genes could be controlled to produce individuals as like as two peas in a pod (which are not exactly alike). I doubt whether he will ever find it. It would be a sorry day when he did. Individuals differ originally in their specific combination of the common human capacities. We are not all political, literary, artistic, scientific, administrative or moral geniuses. Nor is the "average man" a concretely actual being.

Moreover, while the development of the individual is conditioned by the social patterns in vogue and the stimuli in effect in its social environment, he is not made by them. In a little red school-house in a backwoods community there are, say, twenty boys of the same age living on the same kind of farms. The majority of them become farmers, mechanics and shopkeepers. One becomes a noted musician, another a scientist, a third an inventor, a fourth a successful lawyer and politician. Why? Because they react differently to the common patterns

and stimuli. And the more powerful the innate drives to think and act they have, the greater the differences in their reactions.

What the exaggerators of the social seem to forget is that "We think" really means that *he* plus *you* plus *I* think. Only individuals really think, as only individuals really feel and only individuals really will; that is, act deliberately and vigorously instead of drifting or being carried along with the social stream. Granted the great influence of social patterns and stimuli, there is not the slightest ground for asserting the existence of a real and superior social mind or social will including and transcending individual minds and wills. I can assimilate, accept, criticize, or reject prevailing fashionable patterns of thought or conduct at my pain or peril. But I can do it. Or I may be so passive, so lacking in individual drive, as to be carried along like a chip with the main current. Of course, when the current is swift and turbid it is harder to cross it or to make head against it than when it is a slow moving, almost still, water. *Group soul, group mind, group will*: these are all misleading figures of speech for the manifold interactions and interpassions of individuals. I can doubt whether you are really a rational human being, or I can accept and even follow you as a leader, but *I* must *do it*. I either assent or dissent, either surrender or resist and strike out for myself. The more mentality I have the less I allow myself to be carried along by the so-called mass mind; for the more the mass mind carries everything along with it the less of a genuine mind it is. The higher the tidal wave of propaganda rises the less mind there is in it. There is always a factor of uncertainty with regard to the community of minds. How do I know the existence of another mind? Undoubtedly by reacting inwardly to certain forms of behavior. There is an immediate and instinctive reaction, by the individual, to the stimulations by outside objects. At first the baby does not discriminate clearly in the behavior of these objects. It will grasp the candle, fondle a venomous snake or a bear. It has to learn to discriminate. Its impulse is always to assume that other beings are similar to itself; that its inner life supplies the general pattern. It learns to discriminate between harmful and harmless objects, responsive and irresponsive objects, pleasantly and

painfully responsive objects. The persistence of animism in the interpretation of natural events, especially of unexpected and striking occurrences, shows how persistent this self-projection impulse is.

The disillusionments and disappointments we suffer, by finding that others are cold or hostile to our most familiar cherished and self-evident ideas, and to our dearest interests prove the persistence, through defeat, of the self-projection-impulse.

I, for instance, have been teaching philosophy for nearly forty years, yet at the end of every college term I get a few fresh rude awakenings. I find that the most rudimentary notions about the development of ethics or general philosophy, that I have taken great pains to get across, simply have failed utterly with some students. I get a fresh batch of howlers. Still I must go on on the assumption of a mental similarity, which assumption is supported in the majority of instances. The notion that individuals are parts of a series of more inclusive and superior minds culminating in an absolute all-including mind, is a misleading and practically useless or dangerous mysticism which results from hypostatizing a figure of speech. It can be found in Spinoza, although not consistently developed. Its most famous modern exponent is Hegel. It is repeated in the English and American neo-Hegelians, in Bradley, Bosanquet, and Royce.

Hegel starts from the undoubted fact that man the individual is suckled at the breast of the universal ethos. In other words, the individual's mental development is conditioned by the prevailing communal spirit—the social culture—of the society within which he lives, moves and has his being. Here Hegel goes on to say that to be moral is to live in accordance with the customs of one's own country. To be free is to live wholly in harmony with the culture and social spirit of one's epoch and nation (from which it follows that to criticize and transcend the actual morality of one's country is to be immoral). And since the State is the all-inclusive social-moral institution in which family, vocation, civic life, law and morality are included, *the state is the ethical substance of humanity*. It is the march of God in the world." The succession of leading states in history is the progressing epiphany of the absolute spirit—of God. The English neo-

Hegelians do not glorify the State so much as Hegel did. Bradley admits that there is an ideal morality beyond the actual. And even Hegel admits that art and religion transcend the political social order, although he actually subordinates the Church to the State. Royce's *Beloved Community*, the expression of the absolute spirit, is not identified with the State, but with the ideal Church.

In principle all these forms of absolute idealism are guilty of the same error—of arguing from the actual social conditioning of individuals, the actual fact that personality is realized in community, to the proposition that there are real social minds and social wills which are all included in the absolute mind like a series of Chinese boxes or concyclic hollow spheres, the little ones inside the bigger ones up to the absolute box or sphere. So *that, as Royce puts it, the spirit of the community is a perfectly ideal person and the one absolute person.*

Now, of course, my valuations, attitudes and volitions, are largely determined by my cultural milieu. If I had been nurtured in the Tang period in China, in Japan or Buddhist India, I should have been a quite different person. Moreover, it is true that in the interplay between minds in any group having common interests and aims—such as, a labor or professional group, or religious or artistic group, a financial or political group or even a social club or athletic team—there will be engendered a sort of quasi-common mind and will, the execution of which will be entrusted to chosen or passively accepted leaders. What happens, as a result of conference and discussion, is a plan or aim, to which all the other members of the group give their explicit or tacit consent; some after lively disagreement, perhaps putting the matter to vote, and either agreeing to abide by the will of the majority or seceding. But the common mind and will is the resultant expression of an explicit or tacit agreement between associated minds. And there are all sorts of degrees of consent. I may heartily or tepidly approve, or reluctantly approve and with much doubt as to the practicability or wisdom of the proposal. Then it is left to the chosen or accepted leaders to carry out the program. In no case is there any literal social mind or will. It is only individuals who feel, think, and will, and

they do so with greatly varying degrees of actual and passive coöperation and dissent.

President Franklin D. Roosevelt has recently presented the broad outlines of a national policy for recovery, reform and the establishment of better living conditions for Americans—a comprehensive and long-term plan. Later he submitted to Congress blue-prints covering: (1) Security of livelihood through the better use of national resources. (2) Security against the major hazards and vicissitudes of life. (3) The security of decent homes. These blue-prints have been prepared by planning commissions of experts. No reasonable citizen will disagree with the President's objectives. There will be much disagreement as to the details of the blue-prints; for example the privately owned electrical interests will oppose the Federal or state conduct of enterprises for rural electrification. Other private interests will oppose other Federal work plans.

Assume that, after debate, the Federal blue-prints will be, in the main, accepted and put into operation. This will mean that the President and his "brain trusters" have won the day over their opponents and critics. The actual national mind and will will be the mind and will of the President and his experts who have won the active and tacit (in all sorts of degrees) consent of the majority of the individual citizens. The common or general mind and will is not identical with the will of all; nor even with the active wills and minds of the great majority. It is always the agreed program of a minority group—whether the government be called democratic, fascist or communistic. In our democracy perhaps even the majority never wholly make up their own minds. Their minds are largely made up for them—and they either say, "agreed," or say nothing at all. Silence gives consent, unless it is the result of fear. The really vital difference between dictatorship, whether of the Fascist or proletarian variety, and free government is that we have in the latter the great spectacle of every voter having the opportunity of making up his own mind, after he has listened to a lively discussion of issues and men. In dictatorships there is no such discussion. The crucial difference is that in a free government there continues to be freedom of criticism, of speech, publication

and assembly; whereas, in dictatorships such as Germany, Russia, and Italy, these freedoms are abolished and there is universal espionage and fear.

The danger of the doctrine of the all-inclusive higher mind is that it leads to absolutism and tyranny, since the higher mind is identified with the mind and will of a few, and since this mind is assumed to be wiser and superior to, and to include what is of value, in the minds of the rest of us. Criticism and dissent on our parts are made to appear as criminal treason to the absolute mind of the dictator or the oligarchs; or, more charitably, as social lunacy, and so we are suppressed or confined if we venture to peep a word of criticism.

The history of communities and states does not support the doctrine that they are partial utterances of one perfect absolute mind; nor, for that matter, does the history of the universe so far as it is known.

We have to struggle along through confusion, debate, and conflict, always arriving at imperfect compromises. There is no social millennium for man. The kingdom of heaven here on earth is a useful myth, a compensatory dream, an ideal to keep hope alive and stimulate to fresh effort.

One thing is clear: that social progress, in the genuine sense of the enrichment of the thought and felt values of psychical life, has been chiefly the result of the liberation of the individual so that the really dynamic and creative minds can function more effectively. This is the social creed of liberalism, as contrasted with all forms of absolutism—socialistic, militaristic and capitalistic.

This is my creed.



## APPENDIX IV

### SOCIAL CREDIT

MAJOR C. H. DOUGLAS, in his various writings on Social Credit, has formulated an original method of economic reconstruction.<sup>1</sup> The Social Credit plan has a growing following in Great Britain. It swept the election in the province of Alberta, Canada, the Social Credit party winning fifty-seven out of sixty-three seats in the Legislature (September 1935), but the party failed to put the plan into effect.

Douglas argues that the fundamental difficulty with our present economic system, with its poverty in the midst of plenty, its recurring cycles of boom and depression, is that while by the progress of the industrial arts we have learned how to produce in abundance for all reasonable human needs, the people as a whole lack effective purchasing power to absorb the increasing abundance of the products. They lack this purchasing power because industrial production is controlled by a small group of financiers whose prime interest is the manipulation of the industrial system for the greatest possible power to themselves. The more profits they make the more power, for money is power. They supply and manipulate the credits by which industry is carried on. What is needed then is a social control and general distribution of credit. Whatever one may think of the practicality of the Douglas plan there is no question that the main diagnosis is correct. To an ever increasing extent, industrial capital is supplied by the issuance of securities which are controlled in the United States by Wall Street and its subsidiaries, and not controlled primarily in the interest of general consumption but in the interest of rolling up profits and power for the controllers.

<sup>1</sup> C. H. Douglas, *Social Credit* (2nd Revised Edition), 1933. The first edition, 1924. Earlier works of Douglas are *Credit Power and Democracy*; *Economic Democracy*.

James W. Gerard's fifty-nine rulers of the United States comprise almost exclusively financial operators in big business.

The Douglas plan is aimed to distribute more equitable credit and hence more purchasing power, while maintaining in a modified form private ownership and production, and avoiding the dangers of a huge inefficient, and perhaps corrupt bureaucracy, which would be the greatest evil in a system of comprehensive public ownership and operation. There would be, in place of a number of holding companies, one great holding company of securities, for example, the *United States, or Great Britain, Limited*. No transfer of real estate between private parties would be recognized. Persons or business undertakings desiring to relinquish the control of real immovable estate would do so to the Government, which would take any necessary steps to re-allot it to suitable applicants.<sup>2</sup>

The total national capital or wealth would be computed by adding to the money valuation of all the capital assets (land, roads, bridges, railways, buildings, minerals, and so forth), the capitalized value of the population computed on the basis of the actuarial expectation of life and the plant capacity of the country. The total aggregate would be the *National Wealth or Capital*. On this a certain initial *national dividend* would be declared to every man, woman, and child that were citizens and of approved length of residence. No national dividend would be paid to persons whose total net income from other sources was more than four times their national dividend. The dividend would be paid monthly. Individuals who were classified in the previous census as in a certain trade, business or vocation and who, upon establishment of the national dividend, refused to accept employment in that occupation would be suspended from the benefit of the national dividend.

Businesses which registered with the government would work under the "assisted price" scheme. They would submit reports showing average profit on turnover and must agree that their prices should, as far as practicable, be kept at a figure to maintain the average rate of profit when this has been agreed to as equitable. Such registered businesses would receive *forms* on

<sup>2</sup> *Social Credit, op. cit.*, p. 206.

which would be entered for their customers receipted accounts for goods purchased. The purchasers, on taking these accounts to the banks, would receive a credit of, let us say to start with, 25 per cent on their bank deposits. This customers' credit would be repaid from the national dividend.

Thus businesses not registered would be handicapped by the fact that in order to make the same profit as registered businesses they would be selling at 25 per cent higher prices.

Wages in organized industries would be reduced by 25 per cent, except where such reduction involved a loss to the wage earner of more than 20 per cent of his share of the national dividend.

Violation of wage agreement by a trade union would render its membership liable to suspension of national dividend. Similar violation by an employers' organization would render it liable to suspension of price assistance or wage reduction.

Necessary taxation would take the form either of a flat non-graduated taxation of net income, or a percentage *ad valorem* upon sales, or both.

Ethically, the basis of the Social Credit theory is that every member of a country is equally an inheritor of the national cultural heritage, of the entire achievements of the arts and sciences up to his time. These achievements are the results of the activities of countless individuals in unnumbered past generations. Therefore no single individual or small group has a right to exploit the industrial arts to his own special advantage. He did not create the cultural heritage, and, even if a genius, adds but little to it. Every individual is a *tenant for life* of the benefits of the cultural heritage. In order to make use of these benefits he must have adequate consuming power. Production should be for consumption, and, since finance is the technic of supplying credit for production, the consumer should be the origin of credit. When credit is controlled and manipulated primarily for their own profits by a small minority of financiers, prices are kept up beyond the power of the consumers to purchase goods. Prices must fall, profits fall, production is curtailed or stopped, and credit is withdrawn—inevitable result, a depression.

On the other hand, with the national dividend distributed, the

prices and wages controlled, consumers' demands march with production, and the national dividend becomes the difference between production and consumption. Wages and salaries become a credit grant against future production. The national yearly dividend is the balance in terms of money and credit left, when the *year's consumption* has been subtracted from the *total of production* (including increase in the total capital goods, i.e., increases of the instruments of production as well as the production of directly consumable goods).

Money (inclusive of currency and credit) consists properly, as Douglas says, of tickets with which to purchase consumable goods and capital goods or instruments of production. Therefore money must expand with production. If it does not, either production is frozen or the productive system breaks down because of lack of purchasing power on the part of consumers. With a breakdown or depression, the economic system goes into a tail-spin. There are only two conceivable ways out. Either (1) the production of exportable goods must be expanded; or (2) the distribution of purchasing power at home must be made more equitable. This means a wider distribution of social credit without a dizzy ascension of prices, that is, prices must be controlled and profits kept within reasonable bounds. The first alternative becomes ever narrower, until it finally becomes practically useless, since no country can keep a monopoly or near-monopoly of the productive facilities placed in man's hands by the progress of applied science. The exploitation of the foreign markets of non-industrialized and backward regions is a rapidly shrinking field. Russia is becoming machine-industrialized. Japan has already become so. China and India are becoming so. South America is entering the machine era. Only part of Negro Africa is left.

The only practicable alternative is the first—equitable distribution of Social Credit. There is, of course, no incompatibility between the social credit plan and the extension of public ownership and operation of those monopolistic services which can be served best by public operation. One might anticipate, under Social Credit, an extension of the field of public operations. But, in any event, is it not much wiser, in view of the dangers of corrupt and inefficient bureaucracy, instead of plunging wholesale

into public operation by revolutionary state socialism, to leave a considerable field for private enterprise under a controlled profit system, as the Social Credit plan would do? So argue the Douglasites.

What the Social Creditists fail to see clearly is that their plan requires so drastic a social reconstruction in other respects, that it cannot be worked on the basis of present private ownership and operation. To nationalize the Credit system, to regulate prices and wages as they propose, is to go a very long way into Socialism. Under the Social Credit plan, enterprise would not be left to private initiative, since the enterprisers who refused to come in on the Social Credit plan would be forced out of business. They could not compete with the enterprisers who received credit for, let us say, a 25 per cent reduction in prices. Nor could the banks afford to accommodate them when they (the banks) received the 25 per cent credit from the National Dividend from the concerns that were in on the Social Credit plan, but nothing more than regular interest on their loans to those not working under the plan. In short, Social Credit implies more collectivization than its advocates admit. When credit, and the prices and wages that go therewith, are under national control, that is pretty thoroughgoing collectivism. Those private enterprisers who stayed out would soon be put out of business. And business conducted under a national Social Credit plan, with public control of prices and wages, is not purely private enterprise.

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## INDEX

- Absolute, the, Hegel's theory of, 76-77; Bradley's theory of, 79  
 Absolute property right, origin of, 333  
 Agriculture, in U.S.S.R., 109-110  
 Alexander, S., on emergent evolution, 72  
 Allan, Mrs. Evelyn W., quoted, on modern education, 175  
 American Federation of Labor, 67, 177  
 American Legion, 137  
 American Revolution, origins of, 323-324  
*America's Capacity to Consume*, cited, 180  
*America's Capacity to Produce*, cited, 180  
 Ames, Oakes, 193  
 Anarchism, as extreme ethical fallacy, 295  
 Anthropology, in Nazi Germany, 41  
 Aristotle, 168, 276, 279, 507  
 Army, the, as protection for foreign investments, 218  
 Arnold, Matthew, 490  
 Art, in Nazi Germany, 41; in U.S.S.R., 116-117  
 Artificial debt structure, consequences of, 167  
*Ataraxia*, as aim of Stoicism, 507  
 Attention, as basis of experience, 232  
  
 Babeuf, F. N., 61  
 Bacon, Francis, 61  
 Banking methods, 409  
 Bebel, August, 61, 65  
 Behaviorist, the, theory of personality, 240  
 Beliefs, factors determining, 245  
 Benefactions, by the rich, 202  
 Bentham, Jeremy, 62, 382, 508  
 Berle, A. A., on banking methods, 409  
 Bernstein, Edward, 61, 69  
 Bill of Rights, 424  
 Biological determinism, rôle in Marx and Hegel, 77  
 Biological inheritance, 245-246  
 Bismarck, 474  
 Bliven, Bruce, 484  
*Bolsheviks*, as compared with *Mensheviks*, 65-66; aim of, 464  
*Bourgeoisie*, rôle of, 72, 169  
 Bradley, F. H., theory of the Absolute, 79, 513  
 Brookings Institution, law of income, 163; significance of *Income and Economic Progress*, 164-165  
 Business, government aids to, 216-218  
  
 Capital, state control of, in Italy, 24-26; in Nazi Germany, 40  
 Capital goods, as function of demand for consumption goods, 164-165; increase of, 211  
 Capitalism, its co-development with democracy, 170; summary of its achievements, 170; as cause of criminality, 225-227; as exploiter of science; 327; motivation, 367-372  
 Carlyle, Thomas, 62, 63  
*Cathari*, composition of, 60-61  
 Chamberlain, H. S., doctrine of Nordic supremacy, 36, 42, 78  
 Chambers of Commerce, as restricting public education, 174-175  
 Chartist movement, platform of, 63  
 Chauvinistic nationalism, and war, 457-459  
 Checks and balances, description of, 425-426  
 Christian, the, 490  
 Christianity, in Nazi Germany, 4; communism of Church Fathers, 59-60; relation to *Stoicism*, 59-60; relation to the economic system, 80



- Civil liberties, in time of war, 477  
 Civilization, quintessence of, 472  
 Class divisions, shifts in, 173  
 Class struggle, Marxian theory of, 72; as communist doctrine, 95  
 Classless society, as contrary to human nature, 88  
 Coleridge, S. T., 238  
 Collectivism, as extreme ethical fallacy, 294  
 Communism, in early Christian groups, 59; motivation under, 101-105; as not suited for U.S., 126-128; and individuality, 132-134; possibility of, in U.S., 134-138; tactics of, in America, 135-136; vs. liberal democracy, 139-140  
*Communist Manifesto*, 64, 69, 73  
 Concentration of control, in industry, 147-149  
 Constitution, the New, in U.S.S.R., 98-100  
 Constitution of the U.S.A., as bar to equality, 169; as the protector of vested interests, 208-209; as the work of the aristocracy, 423; factors preventing it from being democratic, 423-424; C. E. Hughes' theory of, 430  
 Consumers' Coöperatives, in U.S.S.R., 111, 414-415; in England, 413-414; in U.S.A., 415  
 Consumption goods, 164-165  
 Control of industry, methods of, 396-400  
 Control of production, different types of, 400-404  
 Coöperatives. *See* Consumers' Coöperatives.  
 Corporative State, the, structure of, 21-24  
 Council, of Nationalities in U.S.S.R., 97; of the Union in U.S.S.R., 97; of People's Commissars in U.S.S.R., 98  
 Creative imagination, power of, 233  
 Crédit Mobilier, 193  
 Cultural élite, should be rewarded, 382  
 Cultural nationality, defined, 3, 438  
 Culture, undefined by Nazis, 50  
*Czechoslovakia, as depicted by Nazis*, 53  
 Danielian, Dr. N. R., 195  
 Declaration of Independence, the, assumptions of, 317; reaction against, 423  
 Deduction, as circular in logic and mathematics, 265  
 Democracy, political, distinguished from social, 143-144; ethical basis of, 295  
 Descartes, R., 508  
 Desire, and value, 268-272  
 Dialectical materialism, as described by Marx, 64; as non-mechanistic, 71; distinguished from metaphysical materialism, 72; as similar to emergent evolution, 72; Hegel and Marx, description compared, 76-78  
 Dickinson, G. Lowes, 494  
 Dictatorship, possible evils of, in U. S., 177-178; as a consequence of World War, 480; methods of, 463-465  
 Divine revelation, belief in, 262-264  
 Douglas, Maj. C. H., his theory of social credit, 516-520; his theory of wages, 518  
 Douglas, Paul, 157  
 "Due process of law," ambiguity of, 429; need of defining amendment for, 431  
 Durkheim, Émile, 509  
 Duty, Kantian theory of, 282-289; as not independent of consequences, 288; as what we owe others, 289  
 Dynamic harmony, as essence of personality, 286  
 Economic individualism, as in inverse ratio to equality of opportunity, 326  
 Economic nationalism, and war, 5, 447-453  
 Economic revolution, the, basis of, 145  
 Education, in Fascist Italy, 27; in Nazi Germany, 41-42; in U.S.S.R., 114; public, 174-175; as suffering from factory methods, 175; as a national problem in U. S., 406-407; its commercialized character, 489

- Elcclorate, the, in Italy, 22  
 Elite, the, rule of, in Italy, 22; in Germany, 35-36  
 Emergent evolution, as similar to dialectical materialism, 72  
 Emerson, R. W., 313, 314  
 Empire builders, named and characterized, 191-194  
 Engels, F., 71  
 England, as first modern nation, 438  
 Equality, statement of, the case against, 335-339  
*Eros*, Plato's meaning of, 232  
 Ethical state, the, regarded as means to end, 470  
 Ethics, of property, 329-335  
 Ethiopia, Italian conquest of, 4; as Italian Empire, 479  
 Ethnic groups, variety of in U.S.S.R., 4; problem of minorities, 3-4, 438-439  
 Ethos, the, defined, 246; as mores, 247; as variable in time, 248-249; plurality of, in U. S., 251-252; differences between English and American, 252; metaphysical basis of, 256  
 Evans, Earl W., 223  
  
 Fabian Society, nature and founders of, 64  
 Farmer, the, his plight, 158-159; decline in number of, 173  
 Fascism, general meaning of, 8; rise of, 10-12; leaders of, in Italy, 11; as sponsor of pageantry, 12; place of individual in, as conceived by Rocco, 15; as expounded by Mussolini, 16-20; achievements of, 26-28; its immineence in the U. S., 54-55; signs of, in U. S., 136-137; as last stand of capitalism, 486  
 Fascist, first, 15-16  
 Federal Council of Churches of Christ in America, 63  
 Feeling and Reason, 302-303  
 Fichte, J. G., 61, 78  
 Finance, in U.S.S.R., 110-111  
 Finer, Herman, on fascist mania for uniforms, 52  
 Foreign investments, 218  
*Formation of Capital*, cited, 180  
 Founding Fathers, the, reverence for, 353; their distrust of democracy, 423  
 Fourier, Charles, 61  
 Freedom, in U.S.S.R., 121-124; as limited by impulse, 224  
 French Revolution, origins of, 323  
  
 Gary, Elbert H., 207.  
 General Motors, salaries and wages, 214  
 Gerard, James W., his list of American rulers, 191  
 Germany, 10, 33-34, 35-36  
 Ghettos, their reestablishment in Germany, 481  
 Gladden, Washington, 63  
 Gobineau, Count, 36, 42, 78  
 Goering, and Goebbels, as real rulers of Germany, 36  
*Gosbank*, the, 110  
 Great Fascist Council, 21  
 Green, T. H., 295  
 Group, relation to individual, 244, 309  
 Group interests, conflicts between, 242  
 Group mind, defined, 248; as source of moral judgment, 258; as figure of speech, 511  
 Group spirit, 245-255  
 Guild Socialists, leaders of, 64  
 Gumplowicz, L., 78  
  
 Hamiltonian theory of national power, the, 430  
 Hartmann, Nicolai, his theory of value, 503-506  
 Hawley-Smoot tariff, 213  
 Hegel, G. W. F., and biological determinism, 77; his theory of history, 75-76; his relation to Marxism, 76-80; his theory of the Absolute, 76-77  
 Hegelians of the Left, Center, and Right, 79  
 Hellenism, character of, 491; its fusion with puritanism in Western culture, 491-492  
 Herd instinct, 7  
 Hillquit, Morris, 67  
 Historical materialism, as explained by Marx, 70-72

- Hitler, Adolf, background of, 30; as dual personality, 30; as leader, 34-37
- Hobbes, Thomas, 487, 508
- Holding corporation, the, economic power of, 134; methods of, 194-195, 410-411
- Hoover, Herbert, 208, 217
- Hopson, H. C., 197
- Housing, in U.S.S.R., 113-114; low cost, 407-408
- Hughes, Charles E., theory of the Constitution, 430
- Human nature, conservative theory of, 367; as plastic, 309
- Human society, as emergent, 72
- Human values, the, system of, 272-281; and the economic system, 339-341
- Humanist, the, as compared to the Christian, 490
- Humanitarianism, international, 7; place of, in U.S.S.R., 117-118
- Huntington, Collis P., 192
- Huntington, Ellsworth, 78
- Ideology, of Soviets, 105-106; defined, 255; Marxian theory of, 255-256
- Imagination, as reproductive, and as creative, 499
- Income, in terms of families in 1929, 155; distribution of national, in terms of dollars, 161; distribution of national, according to occupation, 162; and savings, 163; inequalities of, 335-337; remedy for inequality of, 337-339
- Income and Economic Progress*, 164
- Individual, the, his relation to the group, 244, 309; submergence of, 313; and the social, 510-511
- Individualism, its meaning, 205; its theory of government, 206; recent departures from, 209; good and bad, 308
- Individuality, 307-308
- Industrial revolution, as last phase of the dialectic process, 70-71; social consequences of, 144-145
- Industry, concentration of control in, 147-149
- Inflation, of property values, 195-198
- Interest, as correlated with value, 275, 277, 278
- International, the First, 65; the Second, 65; the Third, 66
- International economic order, as the way out, 487
- International humanitarianism, vs. herd instinct, 7
- International outlook, the, 453-455
- Investment, public control of, 409-412; principles involved in control of, 410
- Italy, 22
- James, William, 237, 314
- Japan, as totalitarian, 484; as a menace to social democracy, 484
- Jews, the, as regarded by Nazis, 36; their present situation in Germany, 40-41; as teachers in Germany, 48-49
- Junkers*, the, 29
- Kant, Immanuel, 61, 244, 261, 288, 289, 508
- Kentucky, terrorism in Harlan Co., 81; study of, by U. S. Department of Agriculture, 158-159
- Knights of Labor, 67
- Kultur*, alleged Bolshevik threat to, 53
- Labor, state control of, in Italy, 25-26
- Labor Unions, two kinds of, 161
- LuFollette, R. M., 67
- La Salle, F., 65
- Law, as growth out of customs, 137; ideal functions of, 347-348
- Law of income, Brookings Institution, 163
- Lawyers, fees exorbitant, 221-222; disproportionate influence in legislatures, 222
- League of Nations, as deserving of American coöperation, 440; authority of, 453; governing bodies of, 453-454; its rôle as peace-maker, 454
- Leibniz, G. W., 508
- Lenin, Nicolai, 65
- Let-alone theory, the, as outmoded,

- 183; ways of escape from, 184-186
- Levels, of feeling, 274
- Lévy-Brühl, 509
- Liberalism, Nazi rejection of, 39; Communist theory of, 100
- Liberties, and opportunities, 319-329
- Literature, in U.S.S.R., 116-117
- Lobbies, as tools of corporations, 220
- Lodges, as group phenomena, 6
- Loeb, Harold, analysis of his study, 181-188
- Logophobia, 137
- Love, as Christian virtue, 489
- Machiavelli, N., as first Fascist, 15-16
- Madison, James, theory of dual sovereignty, 430
- Majority, the, alleged tyranny of, 359-360
- Man, as a threefold creature, 231-233; as different from other animals, 235-236; as dynamic, 270
- March on Rome, the, 11, 20
- Marx, Karl, and dialectical materialism, 64; and biological determinism, 77; his ethical theory, 86-87
- Marxian theory, 84-87
- Marxism, Jewish leaders of, 36; social philosophy of, 71-74 (*See also* Class struggle, Dialectical materialism, Historical materialism)
- Mass mind, the, and submergence of the individual, 313
- Mass production, social consequences of, 146-154; and individuality, 307-308; and personality, 309; reasons for rapid growth of, in U. S., 311-312
- Materialism, 72
- Means, G. C., 409
- Mechanical millennium, the, 339-341
- Mensheviks, the, as compared with Bolsheviks, 65-66
- Messaggero Romano, excerpt from, on the New Italy, 480
- Metaphysics, of materialism, 72; place of, in Marx, 89-91; of the individual and society, 507-516
- Middle class, the, its rôle in Western civilization, 138-139; original meaning of, 169; composition of lower, 171; identity of interest with proletariat, 174
- Mill, J. S., 62, 281, 508
- Modern education, 175
- Molotov, V., 188
- Moncy, Douglas theory of, 519
- Monism, as false to experience, 239
- Mooney-Billings case, the, 354
- Morality, as function of profit system, 259-260; definition of relativity in, 261; belief in its divine origin, 262-264; reason as guide to, 264-265; nature of progress in, 356
- More, Thomas, 61
- Mortgages, of American farms, 159-161
- Moscow, author's impression of, 107-108
- Motivation, under capitalism, 367-372
- Mumford, Lewis, 324
- Munich Putsch, the, 35
- Munitions makers, international character of, 444
- Mussolini, Benito, 7, 11, and *passim*
- Nation-state, the, defined, 3
- National income, the, distribution by dollars, 161; distribution by occupation, 162
- National Industrial Conference Board, the, 156
- National minorities, education of, in U.S.S.R., 115-116
- National planning, for production, 404-406; necessary conditions for, 405
- National Socialist Youth, creed of, 46
- Nationalism, in Russia, 7-8; modern, 437-440; as enemy of religion, 450
- Naval rivalry, 444
- Nazism, rise of, 31-33; original social program of, 32; organization of state under, 37-40; philosophy of, 37-40; appraisal of, 44-45; as compared to Sovietism, 129; aim of, 464
- "New Era," the, and what happened to it, 210-216; lessons to be drawn from, 213-214

- New Testament, the, and Communist philosophy of work, 104  
 New York Stock Market, the collapse of, 212  
 Niebuhr, R., 469  
 Nietzsche, F., 36, 42, 47, 78, 352  
 Norris, George W., 148  
 Nye Committee, findings of, 446
- Obligations, specific, have meaning, 289  
 Opportunities, 319-329  
 Organism, as a part of man, 231
- Paganism, in modern Germany, 10  
 Pan-psychism, 106  
 Penitentiaries, bad conditions of, 226-227  
 Perry, Bliss, 168  
 Personality, meaning of, 239-240; behaviorist's theory of, 240; dynamic harmony, essence of, 286; as a social concept, 293; first conscious recognition of, 306; and mass production, 309; and social service, 310-311  
 Physicians, maldistribution of, 383-384  
 Planned economy, necessary conditions for, 386  
 Plato, 59, 221, 494, 507, and *passim*  
*Polit Burro*, the, 99, 130  
 Population, ways of dealing with surplus, 456  
 Populists, the, 67  
*Praesidium*, the, in U.S.S.R., 97  
 Prices, and production, 183-190  
 Production, and prices, 183-190; for individual profit, 372-373; types of control of, 400-404  
 Profit, and crime, 224-227; as the dominant motive, 365-367; defined, 373; indictment of system, 373-376  
 Proletariat, the, in U. S., 135-136; in the new industrial system, 149  
*Prombank*, 110  
 Property, ethics of, 329-335; Christian theory of, 329; Platonic theory of, 330; medieval theory of, 380  
 Protective tariff, the, failure to aid agriculture, 159-160
- Protestantism, economic origin of, 322  
 Prussia, traditional spirit of, 474  
 Psychology, of economic behavior, 202  
 Public education, 174-175  
 Public ownership, the case for, 417-420; stock objections to, 419-420  
 Public utilities, state regulation of, 416-417  
 Public works, 406  
 Purge, the, in Nazi Germany, 33-34
- Quantity, and quality in culture, 341-342
- Radek, K., trial of, 122  
 Radio, its abuse in the U. S., 339-340  
 Railroads, their dishonest policies, 194-195  
 Randall, J. H., Jr., quoted, 206, 208  
 Rauschenbush, Walter, 63  
 Reason, as guide to morality, 264-265; characterized, 501-502  
 Reconstruction Finance Corporation, 217, 418  
 Regimentation, in U. S., 181-182  
 Religion, Marxian theory of, 89-91; genuine nature of, 254  
 Research, in U.S.S.R., 115  
 Ricardo, David, 83  
 Rights, and obligations, 317-319; as variable in place, 318-319  
 Rocco, Alfredo, 12  
 Rodbertus, Karl, 61  
 Roosevelt, President F. D., his program for recovery, 514  
 Rosenberg, Alfred, 36, 37  
 Rousseau, J. J., 61, 508  
 Royce, Josiah, 509  
 Rugged individualism, its theory of government, 206  
 Ruskin, John, 63  
 Russia, as depicted by the Nazis, 53
- Sacco-Vanzetti case, the, 354  
 Saint Ambrose, 59  
 Saint Augustine, 59  
 Saint Paul, 272, 273  
 Salaries, of executives, summarized, 254

- Salter, Sir Arthur, 213  
 Savings, distribution of, according to income, 163  
 Scarcity, artificial production of, 151-152  
 Scheler, Max, 243, 505  
 Seabury, Judge Samuel, 220  
 Securities and Exchange Commission, the, 198  
 Senate, the U. S., its Committee on Banking and Currency, 148-149; need for its reform, 429  
 Sex impulse, the, complex nature of, 276  
 Shelley, P. B., his theory of poetry, 500  
 Siegfried, André, 312  
 Sismondi, J. C. L., 62  
 Social, the, its failure to explain the individual, 510-511  
*Social contract, the theory of*, 382  
 Social credit, the Douglas theory of, 516-520; defects of, 520  
 Social culture, the meaning of, 243-245  
 Social democracy, the postulates of, 393-394  
 Social *ethos*, the, in U. S., 135  
 Social heritage, the, meaning of, 246-255  
 Social progress, the true meaning of, 344-346  
 Social service, and personality, 310-311  
 Social state, 318  
 Socialism, schools of, 56-57; and communism, 57-58; and fascism, 57-58; brief history of, 58-64; as step toward communism, 92  
 Socialization, the aims of, 394; means for realization thereof, 395-396  
 Society, as composed of groups, 241-242; primitive distinguished from modern, 241-242  
 Sovereignty, dual, 430  
 Spain, foreign intervention in, 478; Azafia's program for, 484; causes of civil war in, 484  
 Spencer, Herbert, 77  
 Spinoza, B., 272  
 Spoils system, the, 432-433  
*Stakhanovism*, 112  
 Stalin, J. D., 8, 120, 121, 122, and *passim*  
 Standard of living, the, in U.S.S.R., 117-118  
 Stanford, Leland, 192  
 State, the, central functions of, 242-243; Marxian theory of, 349-350  
 State of nature, the, as the social state, 318; in seventeenth-century philosophy, 361-362  
 States, of the U. S., and the nation, 428-432  
 Steffens, Lincoln, 220  
 Stoics, the, and Christianity, 59-60  
 Storm Troopers, the, 32  
 Streicher, Julius, 52  
 Supreme Court, the U. S., as conservative, 424; its power of review, 431  
 Surplus value, Marxian theory of, 84-87  
 Syndicalists, the, in France, 66; in Spain, 66  
 Taft, W. H., 222  
 Tawney, R. H., 322  
 Teachers' oaths, the Fascist character of, 55  
 Tennessee Valley Authority, the, 154  
 Tennyson, Alfred, 495  
 Totalitarian State, the, theory of, 12-20; critique of philosophy of, 49-54  
 Toynbee, Arnold J., 488  
 Trade-unions, under Douglas Plan, 518  
 Treaty of Versailles, the, injustice of, 456; as cause of present international chaos, 487  
 Unemployment, as cause of crime, 226  
 Uniforms, 52  
 United States, the, possibility of Communism in, 134-138  
 Universities, low qualitative standards in, 403  
 Value, as interpersonal, 278-279; as supersocial, 279-280; order of, 281-286; principles for choosing, 282-285; and duty, 287-290; metaphysics of, 291; transformation of under dictatorship, 470; and existence, 503-506

- Van Sweringens, the, 199, 200, 201  
 Vested interests, 208, 209  
*Volksseele*, defined, 51  
 Voltaire, 170  
  
 Wages, in U.S.S.R., 112-113; decline of, in U. S., 156-158; Ricardo's theory of, 206  
 Wagner, Richard, 43  
 War, economic nationalism and, 5 447-453; the causes of, 440-443; the costs of, 443-447; fallacy of Socialist theory of, 457-458; suggested remedies for, 459; civil liberties in time of, 477  
 Watson, J. B., 240  
 Wealth, defined, 104  
 Webb, Sidney and Beatrice, 64  
 Weber, Max, 322  
 Weimar Constitution, the, 29, 44  
 Wells, H. G., 464  
  
 Western civilization, 138-139  
 Wheeler-Rayburn Bill, the, 219  
 Whitman, Walt, 234  
 Wilson, Edmund, 121  
 Wordsworth, William, 501  
 Work, as religion of Russia, 373-379; social motivation for, 376-381  
 World Court, the, 440  
 World politics, as vital in domestic affairs, 437-440  
 World War, the, general effect of, 3; its economic significance in U. S., 165-166; reasons for American participation in, 218; economic factors in, 441; debts owed U. S., 441-442; American firms' profits from, 446  
 Wotan, 49  
  
 Zaharoff, Sir Basil, 445

